

# Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Monday, August 22, 1994

No. 34,673

## Zaire Lets Hutu Enter As French Withdraw

By Keith Richburg  
Washington Post Service

BUKAVU, Zaire — As France ended its two-month military intervention in Rwanda on Sunday, thousands of Hutu trying to flee their country found Zairian troops blocking a narrow wooden bridge over the Ruzizi River that serves as the main crossing point into Zaire from the town of Cyangugu.

At midday, however, Zaire relented and opened another bridge crossing, about 10 kilometers (6 miles) south, after officials of the United Nations High Commissioner for Refugees agreed that the Rwandans coming across the border would be immediately trucked to remote refugee camps and not allowed to settle in the center of Bukavu, which is already overflowing with refugees.

With the French presence in the so-called humanitarian protection zone ending, the Hutu were afraid of reprisals by the Tutsi-dominated Rwanda Patriotic Front, which deposed a Hutu government in a civil war earlier this summer. However, UN forces are scheduled to take control of the zone, in southwestern Rwanda, and the new government has pledged not to invade.

By nightfall, few Rwandans had made the three-hour walk to the second, open bridge crossing, many apparently not

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A Zairian soldier firing into the air Sunday to force back Hutu refugees trying to flee from Rwanda over a bridge across the Ruzizi River at Bukavu.

## A Blockade Of Cuba Is An Option, U.S. Warns

Pressures Are Expanded In Hope of Producing Democratic Reforms

By Ann Devroy  
Washington Post Service

WASHINGTON — The Clinton administration expanded its public pressure on Fidel Castro to move toward democratic change in Cuba on Sunday while officials worked with third countries to provide safe haven to Cubans who continued to flee by sea in large numbers.

The White House chief of staff, Leon E. Panetta, said in a broadcast interview on Sunday that blockading Cuba was an option to force Mr. Castro to move toward democratic reform, but senior officials immediately said the option was not under active consideration.

"This is much more a statement of fact than something that is being actively considered," a senior official said. "It is a hypothetical. If there were dramatic changes, it could be considered."

Among those who support imposing a blockade on Cuba is a Representative Robert G. Torricelli, Democrat of New Jersey. "If Castro continues hostility against this United States and to abuse human rights internally in Cuba, he is providing legitimate reasons for a blockade," he said.

"The pace of events is going to quicken, and you could see large-scale civil disturbances," Mr. Torricelli said. "There is a significantly greater chance of a blockade if Castro continues to tighten security."

Mr. Panetta, questioned about further efforts to isolate Cuba economically, said a U.S. blockade was "obviously one of the options that we would look at in the future as we see whether or not Castro begins to make some legitimate movements toward democracy."

A senior official, commenting after Mr. Panetta's interview on an ABC News program, said the administration's major effort now was dealing with the fleeing Cubans, whose numbers "remain significant."

He said the administration continued to be optimistic that the Cuban refugees, like the Haitian refugees last month, would stop taking to the sea once they understand the doors to the United States "will be shut if they come by sea, but open if they use legal immigration processes" in Cuba.

That message, the official said, took more than a week to change the tide in Haiti and will take as long in Cuba as well.

Mr. Panetta accused Mr. Castro of deliberately sending Cubans to sea to force the United States to relax its trade embargo, imposed in 1963.

"We have got to continue to put pressure on Castro because the problem here is not the problem of refugees, it's not the problem of migrants, it's the problem within the Castro regime," he said.

President Bill Clinton, seeking to stop

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## Germany Links Economic Aid for Russia to Nuclear Control

Agence France-Presse

BONN — Fearing that it will become the crossroads of international traffic in nuclear materials, Germany has threatened to make economic aid to Russia dependent on Moscow's cooperation in fighting the illegal and meager trade.

"Our financial aid to Russia will depend on Moscow's willingness to cooperate with us in the fight against the international smuggling of nuclear materials," Finance Minister Theo Waigel said in an interview published Sunday by Bild-am-Sonntag.

"I hope other industrialized countries will align themselves with us," he said.

Chancellor Helmut Kohl reportedly wrote two letters on the subject last week to President Boris N. Yeltsin and on Saturday to President B. Eltsin.

Less plutonium or uranium is needed for bombs. • Question about Africa. Page 4.

day sent a special envoy, Bernd Schmidbauer, to try to obtain cooperation from Russian authorities in the fight against nuclear contraband.

Germany is by far the West's major donor to Russia. In 1989 it gave financial aid worth some 90 billion German marks (\$56 billion) to the former Soviet republics. But a large proportion of this aid was in the form of export-credit guarantees.

Mr. Waigel also announced that he had ordered a strengthening of customs controls to detect radioactive material. "The customs officers have lightweight apparatus to measure radioactivity, notably at the airports," he said. He said he had also asked for tests of a heavy mobile unit.

In one of his letters to Mr. Yeltsin, Mr. Kohl reportedly called on the Russian president to ensure that "no fissionable material wanders round the world," the weekly paper reported.

Steven Erlanger of The New York Times reported earlier from Moscow:

Senior German experts presented evidence to Russian officials here Saturday to support their contention that weapons-grade nuclear materials seized in Germany were produced in the former Soviet Union. After three seizures of highly enriched

nuclear material in the last four months, including a cache of 10.5 ounces of plutonium 239 in Munich last week, the German delegation was sent to Moscow to present their evidence on the origin of the material and discuss ways to prevent smuggling.

Russian officials have denied that any weapons-grade nuclear material is missing from Russian military stockpiles, while German officials have said that some of the material is from Russian nuclear laboratories linked to military weapons production.

## With Rise in the Mercury, Japan's Economy Warms Up

By Steven Brull  
International Herald Tribune

TOKYO — Economists seldom admit to an interest in hot air, but this summer's scorching weather has inspired a serious debate about the climate's impact on consumer spending, an activity that will determine whether Japan's economy continues to grow at a snail's pace or accelerates into recovery.

The record heat and sun have spurred a boom in sales

of air conditioners, beer, clothing and other goods, leading optimists to believe that Japanese consumer spending, finally in gear after three years of recession, will make a sustained comeback. If so, economic growth could rise to 1.5 percent in the year through March, and more than 3 percent the next year.

The pessimists respond that Japanese consumers, whose activity comprises about 60 percent of Japan's economy, are likely to revert to a cautious attitude as

soon as the impact of this summer's heat and tax cuts abates. In this scenario, economic growth could be below 1 percent this fiscal year and scarcely better the next.

"The weather's been playing a major role in boosting the numbers," said Michael Hartnett, chief economist at Smith New Court Securities (Japan) Ltd. "But a lot of people are taken aback and asking how much of this is

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## Deng Legacy: Will It Last?

On 90th Birthday, Succession a Mystery

By Steven Mufson  
Washington Post Service

BEIJING — He is the ultimate survivor. Born during the waning years of the Qing Dynasty, Deng Xiaoping has witnessed civil war, Japanese invasion, Communist revolution and intraparty fratricide.

He has survived three political purges and a passion for cigarettes. Now Mr. Deng has survived the passage of another year. On Monday, he turns 90.

The celebration of Mr. Deng's birthday, however, has only fueled speculation about what will happen to China when the patriarch finally dies.

Unlike the death of Communist China's first leader, Mao Zedong, the eventual death of Mr. Deng will leave no gap in the ranks of government. He consolidated power in 1978 and relinquished his last formal post — as chairman of the Central Military Commission — in 1990.

But his passing will create a political vacuum. Although he criticized Mao's cult of personality and vowed to lead China into a more institutionalized political sys-

tem, Mr. Deng has relied on his personal stature and influence to steer politics.

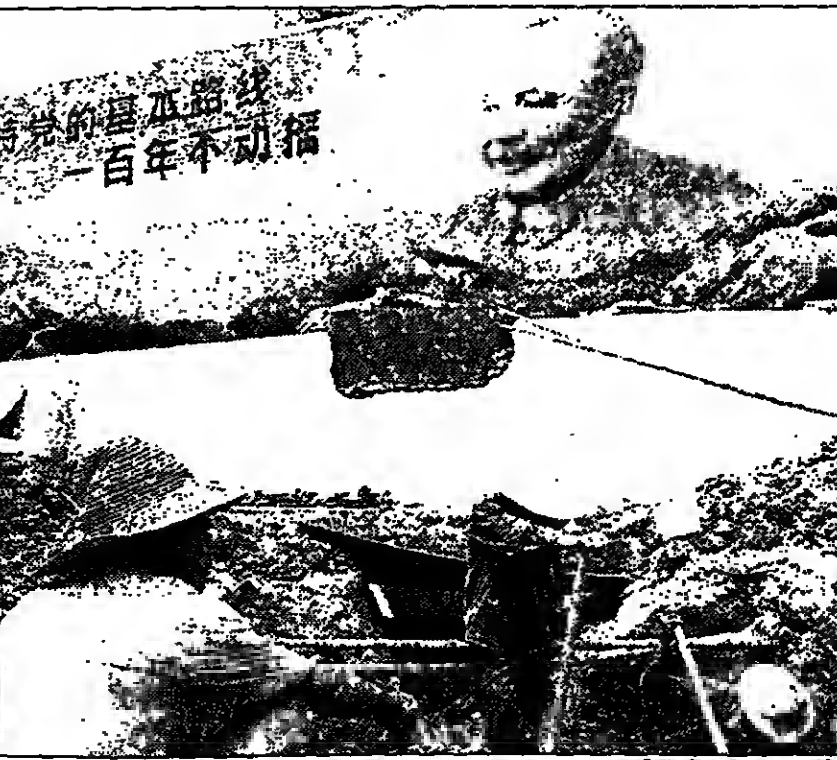
When he mumbles something in his thick Sichuanese accent and his daughter translates it into an endorsement of faster economic growth, everything from monetary policy to party congress proceedings is affected.

The political system remains frozen by his desire to keep power tightly in the hands of the Communist Party, in sharp contrast to the free-wheeling economy, where Mr. Deng has flung open the doors to individual initiative, market forces and foreign investment.

But it remains unclear how durable his legacy will be. For one thing, the 1989 Tiananmen Square massacre, when Mr. Deng ordered troops to open fire on pro-democracy demonstrators, remains unresolved in the minds of many Chinese.

"There's a view that dissidents don't want to talk about politics because they are so busy making money," said Professor

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A poster in Shenzhen of Deng Xiaoping, whose birthday is fueling speculation.

## Flier Miles: No Longer Just Good in the Air

By Adam Bryant  
New York Times Service

NEW YORK — Call them the Green Stamps of the 1990s.

Frequent-flier miles, created by the airlines 13 years ago to win the loyalty of business passengers, are increasingly being redeemed for things other than free flights.

American Express recently signed up five big hotel chains that accept miles earned by cardholders. At the Marriott Marquis in Manhattan, for example, 13,000 miles (21,000 kilometers) buys a night's stay. American Airlines will start a similar hotel program next month.

Since last year, Diners Club has allowed its cardholders to cash in their miles for savings bonds, restaurant meals and merchandise from a variety of catalogues, from a pinball machine from the Sharper Image to a chocolate-chip bundt cake from the Dessert of the Month Club.

Spending \$2,000 with the card, for instance, can earn enough miles to buy a \$50 savings bond or a Mickey Mouse watch.

With British Airways, miles can be redeemed for cruises; a \$500 certificate for Cunard cruise travel can be had for 50,000 miles. And for the philanthropic, members of many frequent-flier clubs can contribute their certificates for free travel to a number of charities.

The introduction of new ways to spend frequent-flier miles has been accompanied by new ways to earn them. After airlines began offering miles, credit-card companies and telephone companies, eager for more business, began paying the airlines for the privilege of offering miles to their customers.

Now other businesses are striking deals with the airlines, too: Buy a Berlitz language course and get 1,000 miles on American Airlines.

American also disclosed last week that it

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## August 1944, When Allied Flags Began to Appear in Paris Windows

By Dominique Lapiere  
Special to the Herald Tribune

In the summer of 1944, Parisians stayed home. The war was raging on French soil, and no one was able to leave Paris for the traditional country vacation.

### Newsstand Prices

Andorra	9.00 FF	Luxembourg	40 L Fr.
Antilles	11.20 FF	Morocco	12 Dh
Cameron	1.400 CFA	Qatar	8.00 Riels
Egypt	9.00 FF	Réunion	11.20 FF
France	9.00 FF	Saudi Arabia	9.00 R.
Gabon	960 CFA	Senegal	960 CFA
Greece	200 Dr.	Spain	200 Ptas
India	2.000 LRs	Tunisia	1.000 Din
Ivory Coast	1.120 CFA	Turkey	1.000 Liras
Jordan	1.120 JD	U.A.E.	8.50 Dirh
Lebanon	1.120 L.L.	U.S. MIL. (Eur.)	\$1.70

Most schools were open. Thousands of people sunbathed along the Seine. Bicycles and horse-drawn carriages filled the streets. There were no buses or taxis. The Metro closed from 11 A.M. to 3 P.M. every weekday and was out of service all weekend.

Because the city was virtually without gas and electricity, housewives had learned to cook their families' sparse food over makeshift tin stoves fueled with paper balls. Paris was hungry.

To cope with the scarcity of food, the city had become a big country village. People awoke each morning to the crowing of roosters from bathhouses, broom closets, rooftop pens, garrets and spare rooms.

Like many of my schoolfriends, I raised rabbits on our apartment's balcony. To feed them, I crept out every morning be-

fore school to chop a few forbidden blades of grass in nearby public parks.

Black-and-white wooden signs had appeared that summer at the main intersections of the city. "Zur Normandie Front,"

Everywhere, jubilant crowds invaded the streets to acclaim the liberators.

It said. But that direction was not too popular among those Germans still in Paris. Most of the military convoys that came through the city were, in fact, going the other way — east.

Our favorite game after school was to rush to post ourselves along the routes of

these convoys and count the various vehicles in this withdrawal. There were even camouflaged carts drawn by horses.

Trucks were taking away the military personnel who had occupied Paris for four years. Standing in the back, *sous grises* were crying and waving handkerchiefs. (Parisians called the German women auxiliaries "gray mice" because of their drab uniforms.) Some of the men shouted that they would be back for Christmas.

A few French collaborators were among those leaving. One day, I saw the grocer of our street climb into one of the trucks. During the whole occupation, she had served — in priority and without ration cards — the German soldiers living in our neighborhood.

But the most astonishing sight of all was

the stream of loot flowing out with the Germans. Paris was being emptied by the truckloads of bathtubs, bidets, rugs, telephones, radio sets and furniture.

The Germans burned some of what they could not take with them. The sky soon became black with smoke from fires spreading ashes of tons of archives and documents.

For the people of the French capital, this intense activity was a sign of the imminent departure of all Germans. Soon, French and Allied flags began to appear at windows.

This premature manifestation unleashed the wrath of the occupiers. Innocent citizens were executed. Nazi soldiers were still

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**VIGIL AT THE RIVER** — Villagers crowding the bank of the Meghna River at Chandpur, Bangladesh, Sunday as they wait for word of relatives missing after a ferry accident. Of the more than 300 people aboard, about 60 survived. Rescuers found four bodies but say the rest likely drowned.

## India's Sterilization Plan Assailed as 'Inhuman'

By Molly Moore

**SARSAWA, India** — In the sterilization season, women arrive at the schoolhouse here by the jeepload. They lie on makeshift operating tables where a doctor dedicates a total of 45 seconds to each patient — slitting open the belly, inserting a laparoscope, tying the fallopian tubes, dipping the laparoscope into a pail of lukewarm water and then moving on to the next patient.

A nurse stitches the patient's wound, slaps an adhesive pad across the sutures and sends the woman to the recovery room, a dim ward where dozens of women lie side by side on the concrete floor, filling the room with the low moans and quivering wails of excruciating pain.

"I did it out of helplessness," said Kamlesh Mahipal, a 30-year-old mother of six, as she lay beneath a worn red blanket two hours after her operation. "We've had so many children, and we are so poor we can't look after them well. And I expect some reward for this. I expect a house."

To the Indian government, Mrs. Mahipal and the other village women lying on the schoolroom floor in this dusty north Indian town represent the success of the country's population control program: 4.1 million women were sterilized last year.

But to many of India's medical officers and other critics, these women exemplify India's failure to slow the world's highest population growth rate. The critics say the sterilization program is inhuman because it relies on quotas, targets, bribes and frequently coercion, and in the end does little to curb population growth.

According to the government, 43 percent of all couples in India practice birth control; of them, more than 70 percent do so by having the wife sterilized.

Most of the women are poor and illiterate, and most are lured to government sterilization clinics and camps with promises of houses, land or loans by government officials under intense pressure to meet sterilization quotas. Most already have had more than three children or are nearing the end of their childbearing years. Most will return to their villages within three hours of the operation and will receive little or no follow-up medical care, despite infection and pain.

"I call it downright body snatching," said Ashish Bose, one of India's most prominent social scientists and a member of a recent government commission studying India's population problem. "Family planning has degenerated into quotas, and human beings have become targets."

As governments and aid organizations worldwide focus on the International Conference on Population and Development in Cairo, which opens Sept. 5, many groups, including the Washington-based Population Action International, have labeled India "the world's most critical country."

India, which has 900 million people, is putting more babies on the planet each year than any other country.

Although India has made significant gains in lowering overall birthrates, decreasing mortality rates, increasing literacy rates and raising per capita income in the past 40 years, the sheer size of its population is obliterating many of its successes. Today, in sheer numbers, India has more illiterate people, more people living below the poverty line and more births than ever before.

"The high growth rate will interfere with everything — economic development, the environment, the quality of life," said Muntaz Ahmad Owaisi, the secretary of the Family Planning Association of India. "The government will have to take drastic action."

But the government has been unwilling or unable to move on many fronts. Many politicians today fear the mere mention of the phrase "population control," having been unnerved by widespread outrage over the government's

draconian policy of forced sterilization of men in the mid-1970s during emergency rule imposed by Prime Minister Indira Gandhi.

The government has made only half-hearted attempts to increase the use of birth control pills, intrauterine devices and condoms, and those few efforts have been undercut by the poor quality of government-made products, frequent supply shortages, poorly trained health-care workers and the isolation of vast numbers of villages, which makes regular distribution and health care difficult.

Instead, the government has focused on what it considers its simplest and surest method of population control: sterilization of women. The Indian government emphasizes that its program is voluntary, unlike that of neighboring China. But many government and medical officials, both inside and outside India, question the "voluntary" nature of the program and say the single-minded focus on sterilization has contributed to the failure to curb the country's spiraling growth rate.

The entire system needs to be changed, said a frustrated Rajesh Kumar Choudhary, a doctor who helps administer the sterilization program in the Saharnpur district on the western edge of Uttar Pradesh. "You can't control the population by sterilization."

## Thousands Of Muslims Flee Pocket In Bosnia

By John Pomfret

**SARAJEVO, Bosnia-Herzegovina** — Tens of thousands of refugees fled from northwestern Bosnia Sunday as Muslim forces loyal to the Sarajevo government routed Muslim rebels, ending a yearlong uprising of a renegade businessman, Fikret Abdic, UN officials said.

Unconfirmed reports placed the number of people fleeing the region around Velika Kladusa at 20,000, and growing.

A UN civil affairs official said Mr. Abdic had escaped to a Serbian district in neighboring Croatia, Reuters reported from Zagreb, the Croatian capital.

But thousands of his Muslim followers were trapped in a no-man's-land between Croatian soldiers and rebel Serbs. UN officials spoke of a desperate need for water.

Mr. Abdic's defeat marks the most important military success for the mostly-Muslim army since Bosnia's war began more than two years ago. His fall, coupled with a renewed alliance between Muslims and Croats in Bosnia, in essence returns this battered country to autumn 1992, when Muslims and Croats were fighting the Serbs.

But while the Bosnian Army has made strides since 1992, when Croats split with their erstwhile allies in a failed attempt to create a Croatian state in western Bosnia, neither alone nor with the Croats has it shown any signs of being able to beat the Serbs.

The Muslim conquest of all the Bihac pocket also marks a significant victory for the Bosnian Army's 5th Corps. While hemmed in by Mr. Abdic's forces to the north and two enemy Serbian factions to the east, south and west, the corps succeeded in routing the rebels.

## WORLD BRIEFS

### North Korea Rejects Site Inspection

**SEOUL (AP)** — The American-brokered deal to bring North Korea back into the international nuclear fold was called into question over the weekend when the North rejected the South's demand to open all its nuclear sites to inspection.

"This is our unshakable will," North Korea said in a report carried Saturday by its official Korean Central News Agency. But the report said, "we are willing to involve ourselves in clearing up 'nuclear suspicion' in the future."

The dispute is over two sites in Yongbyon that Western inspectors suspect are being used to build nuclear weapons. They say inspections of those sites are crucial to determine whether North Korea diverted plutonium from its nuclear power plants to make nuclear bombs. But the North has refused for the last 17 months, maintaining that the two sites are military installations and thus off-limits to inspection.

### Vatican Honors Wife of Waldheim

**VIENNA (AP)** — A papal honor has been accorded to the wife of Kurt Waldheim, after an uproar over a papal knighthood recently granted to the former Austrian president who served as a German Army officer in World War II.

The papal nuncio in Vienna, Archbishop Donato Sguicciardi, awarded Mr. Waldheim's wife, Elisabeth, the Pro Ecclesia et Pontifici Cross, in recognition to her services to the Roman Catholic Church, the daily Neue Kronen Zeitung reported Sunday.

The distinguished award of knighthood in the 147-year-old Order of Pius IX accorded Mr. Waldheim by the nuncio July 6 angered Jews in Israel and elsewhere, who consider Mr. Waldheim a war criminal for his service in a German Army unit implicated in atrocities and anti-Jewish actions.

### IRA Plan to Call Truce Is Reported

**LONDON (Reuters)** — The Irish Republican Army is preparing to announce an indefinite cease-fire in its battle to force Britain from Northern Ireland, perhaps as soon as this week, The Observer reported Sunday. The newspaper said all units of the guerrilla group had been briefed.

Rumors of a pending IRA cease-fire have been heard for weeks. The British and Irish governments are demanding a permanent cease-fire in return for giving the IRA's political wing, Sinn Fein, a place at peace talks.

Senior police and security officials have said they will respond to a temporary but long-lasting cease-fire with a corresponding decrease in the number of their troops. Protestant groups say they will match any IRA cease-fire.

The arrests followed police success a week earlier in thwarting a wave of neo-Nazi anniversary rallies with a heavy presence on highways and borders and at railway stations.

The police in the eastern town of Gotha said two men had been beaten and kicked a 41-year-old man from a car. The police said the attackers, aged 17 and 18, had been detained and appeared to belong to the rightist movement.

## TRAVEL UPDATE

### Saudi Airport Is Grounded for Now

**MANAMA, Bahrain (Reuters)** — Saudi Arabia has built a \$2 billion international airport near the eastern oil city of Dhahran but has yet to open it because no funds have been allocated for its operation, the Saudi Gazette said Sunday.

The Saudi newspaper quoted a source at the International Airport Project, the state agency handling the development, as having said that the opening would be announced once the money had been allocated. The airport is to be called the King Fahd International Airport.

Visitors to historic English properties spent £192 million (\$297 million) last year, up 8 percent from 1992, the English Tourist Board said. Westminster Abbey in London was the most visited site, with an estimated 2.5 million visitors.

A fourth typhoon in two months struck Taiwan on Sunday, leaving three people dead. Much of the island was paralyzed by the heavy rains and high winds.

Eighteen centimeters of rain fell in Tokyo over the weekend, flooding streets and homes and triggering mud slides.

The Kuala Lumpur international airport's radar system, badly damaged in a fire last week, is not expected to be back in operation until next month. But radar coverage is expected to resume next week, through the Royal Malaysian Air Force's new air defense radar.

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

**WEDNESDAY:** Georgia, Liberia, Ukraine.

**THURSDAY:** Uruguay.

**FRIDAY:** Namibia.

**SATURDAY:** Hong Kong.

Sources: J.P. Morgan, Reuters.

## Cold War Radios Feel Pinch

### Free Europe and Liberty Reel From Big Cuts

By Craig R. Whitney

New York Times Service

**MUNICH** — Radio Free Europe and Radio Liberty, the stations financed by the United States government that broadcast to Eastern Europe and the Soviet Union for most of the Cold War, are reeling from what has happened to them in the last two years.

First, the Clinton administration sprang the news that it would eliminate the stations' \$211 million budget in 1995.

Then, after President Vaclav Havel of the Czech Republic and other leaders in the new democracies pleaded that the stations be saved because they considered their broadcasts irreplaceable, the administration and Congress agreed to continue financing them, but only if they consolidated with the Voice of America, with a budget ceiling of \$75 million.

Now the stations are preparing to move next June to Prague from Munich, where they have been since the Central Intelli-

gence Agency established them in 1951. Mr. Havel offered the former Parliament building just off Wenceslas Square virtually rent-free, and Mr. Clinton accepted in July.

"If Congress gives the go-ahead, we will start negotiations for a lease and be ready to move in after a minimum of renovation," said Kevin Klose, the president of Radio Free Europe/Radio Liberty Inc., the independent corporation that runs the stations.

Mr. Klose, 53, a former Moscow correspondent for The Washington Post, became president of the Munich operation this summer after a tumultuous series of executive shifts. One of his predecessors, William W. Marsh, resigned because he opposed the move to Prague, as did many of the stations' 1,000 or so employees here — down from 1,809 when the Berlin Wall fell in 1989.

There is plenty of anxiety about job security. Mr. Klose estimated that there would be

jobs for only about 400 people in Prague, and that many of those would be hired locally.

Most of the people who prepare the broadcasts in 19 languages — 22 before broadcasts to Hungary and Afghanistan were recently dropped — are émigrés who settled in Munich over the years from Russia, Ukraine and other places from Kyrgyzstan to Poland. Many do not speak German and will find it difficult to get jobs here.

Under German law, laid-off employees are entitled to compensation unless they can collect pensions. The employees' council began negotiations earlier this year asking for \$275 million to pay people who are laid off or agree to leave.

The stations' research operation was privatized earlier this year under an agreement with a foundation funded by George Soros, the multimillionaire philanthropist and financier. Renamed the Open Media Research Institute, it will begin operations in Prague in October.

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## PLO Offers Israel a Trade-Off on Recognition

By Yasser Arafat

**TUNIS** — Yasser Arafat's Fatah group plans to insist that Israel recognize a Palestinian state if it wants the PLO to purge its charter of clauses that deny Israel's right to exist.

Sekhr Abu Nizar, a member

of Fatah's central committee, said the decision was made here Saturday night at a meeting led by the PLO leader.

"The charter cannot be amended without Israel's recognition of a Palestinian state," Mr. Abu Nizar said Sunday. "We cannot recognize Israel's right to exist without reciprocity, which is Israel's recognition of the existence of a Palestinian state."

Prime Minister Yitzhak Rabin of Israel insisted last week after a meeting in Gaza with Mr. Arafat, that the Palestine Liberation Organization set a firm date for convening the Pal-

estine National Council, the Palestinians' parliament-in-exile, to amend the charter.

"Our decision was that Israeli forces should first redeploy in the West Bank, be replaced by Palestinian police, then there would be elections, then the Palestine National Council would meet and discuss both the charter's amendment and the proclamation of the Palestinian state's independence," Mr. Abu Nizar said.

"If Israel does not recognize the establishment of a Palestinian state with East Jerusalem as a capital, then there would not be any decision to cancel the

clauses of the charter calling for the liberation of Palestine," he added.

According to the rules of the U.S.-brokered peace process, Israel and the Palestinians are not to discuss the issue of a Palestinian state until talks on the final status of the occupied territories begin after two years of Palestinian self-rule, in May 1996.

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Bolivia	0-800-2222	Liechtenstein (CC)	690-624	Singapore	008-11-800	United Arab Emirates	810-013
Brazil	000-8012	Luxembourg	425-0266	Slovakia (CC)	008-11-800	United Kingdom (CC)	800-111
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# THE AMERICAS / SEEKING MIDDLE GROUND

## Unsure of Victory, Democrats Put Off Vote on Crime Bill

WASHINGTON — Democratic leaders delayed action early Sunday on a major crime bill because of uncertainty whether there was enough support in the House to pass it in the face of a last-minute blitz by the gun lobby.

The bill, one of President Bill Clinton's priority legislative goals, includes a ban on 19 types of assault weapons.

A bipartisan group was working the measure and timing costs projected in the bill in an effort to pick up additional Republican votes.

But Representative Vic Fazio of California, a senior member of the Democratic leadership of the House of Representatives, said: "The issue is really coming down to guns, whether or not we will have an assault weapons ban as part of this bill."

He said the National Rifle Association was mounting an intense campaign against the bill, and for a new stripped-down measure that does not contain the weapons ban.

Mr. Clinton has strongly opposed any suggestion of removing that provision from the bill.

Mr. Fazio said he hoped the support for the \$30 billion bill would be sufficient to win, but officials expressed concern in public whether there were enough votes.

The delay in the vote, which had been expected after midnight Saturday, was said to have been due to some unidentified problems, as well as fatigue among the negotiators.

Debate on an earlier version of the bill was blocked in a procedural vote on Aug. 11.

Key Democrats and a group of Republicans worked through Friday night and Saturday, with only a few hours' break, to try to fashion a measure that would win enough support from Republicans.

Participants in the negotiations indicated that the question of reallocation of money between programs had been tentatively settled.

Crime prevention programs that had been largely criticized by conservatives took a big cut. Negotiators reduced spending on these programs by \$2.5 billion, leaving a total of \$6.3 billion, which includes \$870 million for drug courts.

## Chavis Reportedly Ousted at NAACP

By Edward Walsh  
Washington Post Service

BALTIMORE — Benjamin F. Chavis Jr., besieged by allegations of personal misconduct and financial mismanagement, has apparently been ousted from his post as executive director of the NAACP.

Rodney A. Orange, the president of the Baltimore NAACP chapter, said Saturday outside the organization's national headquarters here that the decision to fire Mr. Chavis had been made by the board of the National Association for the Advancement of Colored People.

Officials of the national organization provided no immediate confirmation, but several young supporters of Mr. Chavis said they had been told of his ouster and were "outraged."

Mr. Orange said that sentiment against Mr. Chavis on the board had been so overwhelming that there was no need to count the formal vote.

Mr. Chavis, who was named executive director in April 1993, had vowed to fight to keep his job at the helm of the nation's oldest and largest civil rights organization.

The combination of personal, financial and political factors swirling around Mr. Chavis, 46, brought the NAACP to one of the most severe crises it has

## Bipartisan Health Plan Would Backfire, Groups Agree

By Robert Pear  
New York Times Service

WASHINGTON — Business groups and labor unions say that a bipartisan health care proposal being offered by a group of 20 senators would create perverse, unintended incentives for employers now providing health insurance to drop it.

In addition, the proposal has created an odd alliance between the AFL-CIO, a longtime crusader for national health insurance, and Senator Phil Gramm, Republican of Texas, a conservative to whom such proposals are anathema.

The bipartisan proposal, announced Friday by Senators John H. Chafee, Republican of Rhode Island, and John B. Breaux, Democrat of Louisiana, illustrates both the advantages and the pitfalls of attempts to find a middle ground.

The proposal avoids the most politically contentious elements of the plans offered by President Bill Clinton and by the Democratic leaders of the House and Senate. It would not require employers to pay for employee health benefits.

Senator George Mitchell, Democrat of Maine and the majority leader, said he would study the Chafee group's suggestions and decide whether to accept any of them.

But the reactions of those to the left and the right of the "mainstream coalition," as the group is known, suggest that efforts to gain some votes may cost others.

Instead of employer mandates, the bipartisan proposal encourages states to form insurance purchasing cooperatives. It would provide billions of dollars in federal subsidies to help low-income people buy private insurance.

Self-employed people and workers

who received no coverage from their employers could take tax deductions for the full cost of insurance premiums covering the standard package of health benefits.

Richard Smith, the director of health policy at the Association of Private Pension and Welfare Plans, a trade group composed mainly of Fortune 500 companies, said Saturday, "The big consequence of this proposal is there's a real possibility that a lot of employers will drop insurance they now provide to employees."

"Employers now offering coverage

would give employees cash instead," Mr. Smith continued. "The employees could buy coverage at group rates with tax-free dollars. A lot of younger, healthier employees will bail out of the market, take the cash, not the insurance."

Senator Paul Wellstone, Democrat of Minnesota, expressed similar concerns about the new proposal. "Subsidies and tax deductions for individuals, with no employer contribution required, would result in employers reducing coverage while enjoying a government-subsidized bailout," Mr. Wellstone said.

cost of care when you really need it. Once you have insurance, price and therefore market competition can't really exist among health providers because the patients don't care about costs. The providers can compete on trying to offer more services, but that doesn't reduce costs. The solution in other countries has been either to control the capacity of the system and put only as many people in the hospital as you have beds to hold them, or to regulate through fees or budgets the actual amount of money that an insurance system will hand out.

The American idea has been to create separate, private regulated structures, called managed care organizations, but the patients haven't wanted to join them, the doctors haven't wanted to work for them, and when the plans become effective at controlling costs, patients will have limited choices, and a large amount of overhead will go to the control structure instead of going to medical care.

## Q & A: Why Socialized Medicine Won't Be Adopted in the U.S.

Joseph White of the Brookings Institution in Washington, D.C., is the author of a forthcoming study, "Competing Solutions: American Health Care Proposals and the International Experience." With debate raging in Congress on various health care bills, he spoke last week with Lawrence Malkin of the International Herald Tribune.

Q. What prevents the United States from universalizing health care, which has long been accomplished by every industrialized country except South Africa?

A. We have much stronger conservative and anti-government forces. It's not that we don't value social solidarity, as that phrase is used in Germany and France — after all, we have government old-age pensions and health care for people over 65. But solidarity is not a clear majority position, and the opponents' arguments are strongly based on financial

interest and the ideological rhetoric of liberty and capitalism.

Add to that an extremely complex political system which is constitutionally designed to make it very hard to pass reforms of any sort. When other countries first built their systems, health care was a much smaller part of their economy, and ours. But now it represents 14 percent of the U.S. economy — almost twice the European average — so the stakes for the potential losers are much greater.

Q. What not try to set up a social or national insurance system as in Europe?

A. In the United States as in most of the world, solidarity grows out of the workplace, but our system broke down as private insurers competed for the business of employee groups. The Clinton administration did not believe that straightforward government programs using public bureaucracy could pass Congress, and they may not believe in them anyway.

They made a choice to try something that looked much more like the private market, the president has always spoken about private insurance that can never be taken away.

The problem is that there is no way to guarantee that everybody has private insurance without much of the same regulation, redistribution of income, and employer insurance requirements that exist in the more straightforward, internationally standard approach.

Q. The original Clinton administration plan proposed something called managed competition with spending limits. What happened to it?

A. It confused everybody and did not buy any extra votes in Congress. It was like the latest reform notion in the Netherlands: Everybody will choose between insurers competing on quality within a system in which the total amount of money is capped. They've had great trouble implementing it seriously in Holland; in

the nature of things some patients will be healthier than others, so companies bid for the young, healthy patients. But that is just a very small part of the problems the Clinton Administration faced in one big lump.

Q. What are they?

A. First, Bill Clinton has to convince tens of millions of Americans to help pay for tens of millions of other Americans; that's redistribution to those too poor to pay their full share. He has to change private insurers into public utilities without calling them that. He has to create a system that everybody is required to join and then see that they pay for it. He has to create a system of cost control from the ground up, and to do that he either has to impose clear government regulation or try competition. He preferred the rhetoric of competition, which has never worked before.

Q. Why not?

A. The whole point of health insurance is to eliminate worry about the

## Linus Pauling, Double Nobel Winner, Dies

By Richard Severo  
New York Times Service

Linus C. Pauling, 93, a brilliant chemist and an unflinching political activist, who received one Nobel Prize for chemistry and another for peace, died Friday of cancer at his ranch in the Big Sur area of Northern California.

Mr. Pauling received the prize for chemistry in 1954 as a result of his research into the nature of the chemical bond, the force that gives atoms the cohesiveness to form the molecules that in turn become the basis of all physical matter.

In 1962, at age 61, Mr. Pauling received the Nobel Peace Prize. The award's citation acclaimed him for his work since 1946 "not only against the testing of nuclear weapons, but not only against the spread of these armaments, not only against their very use, but against all warfare as a means of solving international conflicts."

Mr. Pauling was also credited with having provided a powerful impetus to others in achieving what many regard as the microbiological discovery

of the century. That was the determination of the structure of DNA, or deoxyribonucleic acid, the genetic material in all living organisms.

To those who eventually won the race to solve DNA, Mr. Pauling was seen at the time as the closest rival. Had he been the victor, he no doubt would have been the recipient of a third Nobel Prize.

Mr. Pauling's scientific genius was accompanied by a strong penchant for dissent.

He touched off a debate among scientists in his later years, for example, by vigorously advocating that vitamin C, if taken in large enough doses, would build up the immune system in humans and protect them against infectious diseases.

In the 1950s he was a primary shaper of the anti-nuclear-testing movement, and he was actively involved in the anti-war movement in the 1960s.

By the time Mr. Pauling received the chemistry prize at the age of 53, he had long been recognized as a chemist's chemist.

By the age of 30 he had already published 50 papers based on original chemical research and had risen to a full professorship at the California Institute of Technology.

His years at the institute, from 1927 to 1963, marked the most productive period of his professional career.

Throughout the 1930s, Mr. Pauling used quantum mechanics, the theoretical framework that explains the structure of the atom and the motion of atomic particles, to investigate chemical bonding. He asserted that the "resonance," or internal vibrations, of atoms gave molecules their cohesiveness.

By 1949, Mr. Pauling had declared himself an advocate of peace, and he helped organize a Congress for Peace, held in Mexico City. His colleagues in this venture included W.E.B. Du Bois, the educator and writer; Paul Robeson, the singer and actor; Charlie Chaplin, the comedian, and O. John Rogge, a former assistant U.S. attorney general.

The State Department denounced the group as "Moscow-directed," asserting that it

was "devoted to providing an apology for the Moscow point of view."

Mr. Pauling incurred the suspicion of Senator Joseph R. McCarthy, who was chairman of Senate Permanent Subcommittee on Investigations.

The Wisconsin Republican accused Mr. Pauling of having a "well-known record" of membership in Communist front organizations. Mr. Pauling denied under oath that he had ever been a Communist.

Partly as a result of the senator's attack, the State Department denied Mr. Pauling a passport in April 1952, holding that it would be contrary to national interest to permit him to travel abroad.

By July 1952, after a number of attempts, Mr. Pauling managed to obtain a "limited passport" for travel to Britain and France. In 1954, he received an unrestricted passport so he could travel to Stockholm to receive his first Nobel Prize.

Around 1960, Mr. Pauling began a campaign to obtain the signatures of scientists opposed to nuclear testing. A total of 11,021 scientists in 49 countries signed the petitions.



In 1991 Pauling was still active in research, at age 90.

## POLITICAL NOTES

### For Clinton, Growing Inquiry

WASHINGTON — In the weeks before he was replaced as the independent counsel investigating the Whitewater case, Robert B. Fiske Jr. substantially expanded his inquiry into a broad examination of the way Bill Clinton had financed his political career, particularly his 1990 campaign for governor of Arkansas, witnesses and outside lawyers familiar with the inquiry say.

What began as a smaller investigation into the personal finances of Mr. Clinton and his wife, Hillary — in particular, their real-estate partnership with a savings and loan operator from 1978 through the mid-1980s — has now grown to include several hundred thousand dollars in personal loans that the couple obtained for campaigns and other political activities.

It is not clear how far this new line of inquiry has proceeded or whether it will result in any charges. But the broader focus raises the prospect of a longer investigation, one concerned not only with Mr. Clinton's distant past but also with his more recent political life.

And the examination into the 1990 campaign is subjecting one of his closest

White House aides, Bruce R. Lindsey, who was the 1990 campaign's treasurer, to new scrutiny.

One previously undisclosed focus of the inquiry is the relationship between Mr. Clinton's 1990 campaign and the small Perry County Bank in rural Arkansas, run by a longtime political associate of Mr. Clinton, which lent the Clintons \$180,000.

According to the lawyers and witnesses familiar with the case, Mr. Fiske, before being succeeded two weeks ago by Kenneth W. Starr, had been tracing more than \$50,000 in cash that the bank provided to the campaign. He was also trying to determine why the bank did not report all the cash transfers to the Internal Revenue Service under a federal law that requires the reporting of any cash transaction over \$10,000.

Mr. Fiske found evidence that Mr. Lindsey had been involved in some of these cash transactions, those familiar with the inquiry also said.

In a letter to The New York Times, Mr. Lindsey said that "cash withdrawals" had been made in support of "get out the vote" efforts by the campaign. The campaign "was mindful of its obligations under the law and attempted to

fully comply therewith," the letter said. "I believe it did so."

Finally, investigators have asked bankers about a separate campaign-related account at the bank totaling \$35,000 that Mr. Clinton was allowed to keep after closing out the books on the campaign, according to witnesses and lawyers who have talked with the investigators. (NYT)

### Gore Suffers Tendon Injury

WASHINGTON — Doctors repaired Vice President Al Gore's Achilles' tendon on Saturday night after he tore it while playing basketball earlier in the day. Two orthopedic surgeons performed the operation, which took 70 minutes at Bethesda Naval Hospital in suburban Maryland.

Mr. Gore was listed in stable condition. (AP)

### Quote/Unquote

President Bill Clinton at a news conference: "I like the tough fight, so this is an exhilarating period for me. I like the challenges. I think we're all put on this earth to try to make a difference." (NYT)

## U.S. Court Urges Harsher Terms In King Beating

New York Times Service

LOS ANGELES — A federal appeals court has ruled that the prison terms given two Los Angeles police officers for the 1991 beating of Rodney King were too lenient.

In a unanimous decision, a three-judge panel of the 9th U.S. Circuit Court of Appeals in San Francisco upheld the civil rights convictions of the officers, Stacey Koon and Lawrence Powell, and ordered the trial judge in the case to reconsider the two-and-a-half-year sentences he imposed last year.

The appeals court said the sentences were well below federal guidelines.

Lawyers for the two officers appealed the convictions. Prosecutors appealed the sentences, which were handed down by Judge John Davies of U.S. District Court in Los Angeles.

The four officers involved in the videotape beating, which began when Mr. King was stopped for speeding, are white. Mr. King is black.

## Away From Politics

• A circus elephant went wild, killing a trainer and injuring a dozen people in Honolulu. Police chased the animal through the streets and finally killed it with seven rifle shots. The elephant began its rampage as the curtain opened on the day's last act at Circus International, authorities said. "All of a sudden, the elephant kicked the trainer into the arena," said Ann-Marie Pesa, who was in the audience. The beast then stomped on a second handler who tried to help the first man. "All of a sudden people started running away, children were screaming and we saw the blood," she said.

• A bomb planted at a planned parent-hood clinic in St. Albans, Vermont, led to the arrest of Helen Virginia Ames, 33, who was charged with illegal possession

of a destructive device. If convicted, she faces up to 10 years in jail and a fine of \$250,000. She is scheduled to appear in court Monday.

• The aircraft carrier Saratoga was decommissioned in Mayport, Florida, after 38 years of duty. The ship saw duty in the Gulf of Tonkin during the Vietnam War, the Cuban coast during the 1962 missile crisis and the Gulf War. The Saratoga was the second carrier built after World War II and the sixth U.S. vessel to bear the name. If \$4.5 million can be raised in the next few months, the 1,063-foot ship is destined to become a floating naval museum in Jacksonville.

• A passenger ship ended a five-day voyage abruptly on Friday after a smoky fire broke out near its main deck, and the

gleaming white cruiser moved to a mid-town pier in New York harbor and discharged more than 1,000 passengers. The 41-year-old ship, the Regal Empress, which was finishing a cruise to New England and Canada, was greeted shortly after 8 A.M. at Pier 83 by a cavalcade of fire trucks, police cruisers, and ambulances. Fifteen minor injuries were reported, fire officials said.

• About 250 gallons of highly toxic rocket fuel leaked from a ruptured hose in Cape Canaveral, Florida, creating an orange cloud that drifted out to sea. The air force was preparing a Titan rocket for launch with a secret military satellite when the accident occurred. Officials still hoped to launch the Titan on Thursday as planned. (AP, NYT)



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## TENDER NOTICE

### MANAGED LEASED LINE NETWORK IN HUNGARY

The HUNGARIAN TELECOMMUNICATIONS CO. LTD. (HTC) now invites sealed bids for the supply and supervision of installation of a Managed Leased Line Network (MLLN) in Hungary.

The MLLN, scheduled to be executed in 1995-96, will be a new, country-wide, digital, centrally managed overlay network to fulfill HTC's business customers' leased line demands for their corporate networks. The MLLN will operate on HTC's existing digital transmission (PDH) infrastructure through E1 and optionally E3 interfaces.

Planned service features of the overlay network are:

- End-to-end managed digital leased line services from sub-rate to super-rate transparent data speeds, framed E1 and fractional E1 services, analogue voice transmission with signalling.
- The above range of services shall be extended in the near future with frame relay, ATM access, LAN-to-LAN, VPN (Virtual Private Networking) and other value added services for data, voice, video and multi-media application facilities.

Bidders are required to offer fully integrated system-solutions, based on a single Network Management System, 1/0 DXC's, flexible multiplexers and local loop driving and terminating equipment. The complete MLLN project will include 54 nodes country-side and 26 nodes in Budapest by the end of 1996, of which 19 and 6 nodes, respectively, shall be established by the end of 1995.

Interested companies and consortia, who have the capability to complete this project may inspect the Tender Documents and may purchase them from 1st September, 1994 at the following address:

INTELTREDE CO. LTD.  
Ms. Márta Gabriella Tóth, Sales Executive  
Budapest, II. Medve utca 25-29, 1027 Hungary  
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Fax: (+36-1) 201-0017 or 201-0008

upon payment of a non-refundable fee of USD 400 (domestic companies shall pay HUF 44,000). Remittances shall be made to the account # 217-98931/2949-008 kept by Inteltrade Co. Ltd. with Citibank Budapest. The following reference shall be made:

Tender No.: IT-20/TMG

The tender documents will be available upon presentation of the receipt of the effected remittance. Bidder may ask for mailing the Tender Documents to his address, if he sends the above receipt to Inteltrade and undertakes to pay the mailing costs.

Bids shall be delivered to the above address not later than 11:00 a.m. on 1st November, 1994.

All bids shall be accompanied by a bid security of not less than 300,000 USD or its equivalent in any freely convertible currency.

Only those bidders will proceed to the evaluation of their bids who meet the postqualification criteria which is stipulated in the Tender Documents.





Two Cuban refugee children playing near barrier inside U.S. detention center in Miami.

## CUBA: A Blockade?

Continued from Page 1

the flow, reversed nearly 30 years of U.S. policy on Friday by ordering that Cubans be detained at sea and sent to the U.S. military base at Guantánamo, Cuba.

On Saturday, after pressure by Cuban-American leaders who said punitive actions should be aimed not only at the refugees but also at the Castro regime, he announced a set of economic steps. Among the steps were blocking the flow of U.S. dollars to Cuba, restricting charter flights between the United States and Cuba, limiting gifts from Americans to Cubans, and increasing anti-Castro radio broadcasts into Cuba.

Administration officials said the Saturday-to-Sunday-morning total of Cubans picked up at sea was near 1,200, and by mid-day Sunday there was only a minor decrease.

Officials said the United States did not want to keep the Cuban refugees at Guantánamo for any extended period, and for that reason was urgently negotiating with third countries, like Suriname, to provide them long-term safe haven.

In addition, Guantánamo is rapidly filling up, with space for about 5,000 to 6,000 Cubans, since 14,000 Haitians are already in a separate detention camp there.

A senior official said that a base on the Turks and Caicos Islands, which was put in place to hold 2000 Haitians, was ready to open for Cubans.

**No Cuban Response**  
Paul F. Horvitz of the International Herald Tribune reported from Washington:

The latest U.S. policy shifts on Cuba remained controversial both among Cuban-Americans in Florida and with members of Congress.

There was no immediate reaction from Cuban officials to the talk of blockades, which are often seen as acts of war.

But the Castro government vehemently objected over the weekend to the U.S. detention plan and to the cutoff of payments from relatives, money that American officials say adds \$500 million to \$600 million a year in hard currency to the strapped Cuban economy.

## RWANDA: Zaire Relents as Hutu Flood the Border

Continued from Page 1

believing that they would be allowed to cross.

The UN refugee agency's agreement with Zairian officials seemed unlikely to resolve the dispute. UN officials conceded that they had insufficient trucks available to transport the estimated 50,000 Rwandans waiting at Cyangugu or stretched out along the road on the way.

Zairian officials said they were concerned that Bukavu, already home to an estimated 100,000 Rwandans camped with the cattle and goat herds in the center of town, not be the site of a catastrophe of disease and death like the one that struck Goma, another Zairian border town farther north on the shores of Lake Kivu.

"We don't want another Goma — at all costs, we must prevent that," said Matyababu Misa, the Zairian chief magistrate for the Bukavu region. In addition, UN officials said, they were concerned that a stampede of tens of thousands of Rwandans fleeing their

homeland might cause the tiny Ruzizi River bridge to collapse.

Kris Janowski, the UN refugee spokesman in Bukavu, said officials agreed that forcing the refugees to walk the added kilometers to the new crossing point would thin their ranks and create a more manageable flow.

The scene at the border initially seemed likely to degenerate into a bloody confrontation, as refugees appeared to be arming themselves with sticks. UN peacekeepers from Ethiopia, in their first operation, appeared unable or unwilling to stop the thousands of Rwandans from pushing their way onto the tiny wooden bridge.

The agreement between the United Nations and Zaire to reopen the second crossing, called Ruzizi II, was announced by Kamal Morjane, director of the refugee agency's Africa division. Mr. Morjane said at a news briefing on the bridge that two new refugee sites had been found in Zaire to accommodate 100,000 Rwandans and that the

agency had agreed to Zaire's request to pick the refugees up in trucks and take them to the new sites.

But he had difficulty explaining the logic of the UN's agreeing to transport tens of thousands of Rwandans out of their country at the same time that it was providing a peacekeeping force to secure the southwestern zone and convince refugees that it was safe enough for them to stay.

Other relief agencies were sharply critical of the UN agreement to ease the Rwandan exodus.

"I don't think this border should be opened," said Mike McDonagh, the Rwandan director of the Irish charity Concern. "Normally, a refugee is the persecuted and the persecuted who flee into another country. But nobody's chasing these people."

"They're safe. They don't think they're safe, but they're safe. It's much easier to feed them and shelter them over there."

## MILES: To Cash In Credits, Frequent-Fliers No Longer Have to Take Off

Continued from Page 1

bad signed up 2,000 restaurants nationwide, including the Russian Tea Room in New York, for a new dining-for-miles promotion that it will begin testing in the New York metropolitan area next month.

Sometimes, frequent-flier miles are neither earned nor spent on anything remotely connected with airline travel. Miles earned by eating a rich meal at a restaurant can be cashed in toward an exercise machine to work off the meal.

"Frequent-flier miles, in many ways, have become an alternative currency," said David Reibstein, a professor of marketing at the Wharton School at the University of Pennsylvania.

Members of frequent-flier programs now earn an average of about 40 percent of their miles without flying, and redeem about 10 percent of their miles for things other than free trips, according to Inside Flyer, a magazine based in Colorado Springs, Colorado, that offers tips to frequent fliers.

Industry experts say these percentages will undoubtedly grow because airlines are expected to announce in coming months new ways to both earn and trade in miles. Indeed, frequent-flier miles are beginning to resemble Green Stamps, a promo-

tion that flourished in the 1950s and 1960s when businesses from supermarkets to gas stations awarded the stamps to their customers, who pasted them into books and redeemed them for catalogue merchandise.

More kinds of businesses now offer frequent-flier miles because they increase sales enough to more than offset the costs. Typically, these businesses pay the airlines two cents for each mile they award to customers.

"Miles is a sexy word" to customers, said Randy Petersen, who publishes Inside Flyer. "It gets a lot of attention."

For a loss-plagued airline industry, the selling of miles to marketing partners has become a rapidly growing source of revenue.

Credit-card companies affiliated with airlines offer miles because they, too, are trying to win customers. Both the airlines and the businesses that offer miles also benefit by sharing computerized lists of their best customers, to help in future promotions.

For consumers, the new sources of miles seem to offer many benefits. But it is unclear how these promotions affect airline ticket prices, because fares tend to be determined by traffic levels and competitive pressures on individual routes. But one thing is clear: Airlines see mileage

promotions as a way to build customer loyalty in an industry where service levels are often similar.

Among the earliest businesses to link themselves to frequent-flier clubs were travel-related companies. Rental-car agencies, for example, have long offered mileage to frequent fliers.

But many of today's links have nothing to do with travel.

Diners Club, which for some years has offered merchandise through its own catalogue as a reward for using the card, has expanded its offerings to include merchandise from other catalogues.

The card company also gives the roughly 2 percent of its customers who have charged more than \$100,000 over time the choice of ordering just about anything they want. Diners Club determines the value of the mileage credit and applies it toward that purchase.

Customers have requested and received, among other things, a customized mountain bike, a grand piano and a car. The Orient Express for a family reunion. One customer wanted to cash in his miles to spend three hours with Barbra Streisand; a Diners Club spokesman, Walter Sanders, said a person representing Ms. Streisand "was less than enthusiastic" about the request.

## Bombs Need Less Plutonium Now

By William J. Broad

New York Times Service

**NEW YORK** — The amount of plutonium or uranium needed to make a nuclear bomb is so much less than generally believed that new safeguards must be adopted worldwide to tighten defenses against criminal diversion of materials, experts argue in a new proposal.

For plutonium, the experts say the official threshold of danger should be lowered from 8 kilograms (17.6 pounds) to 1 kilogram.

They also propose an eightfold reduction for uranium, the other main fuel of bombs.

The experts, from the Natural Resources Defense Council, a private group known for its nuclear expertise, wrote the federal government and the United Nations last week to urge such downward revisions.

At a news conference Monday in Washington, the group is to make those letters public along with a report arguing for the proposed changes.

The new proposals cast a harsh light on recent seizures in Germany of atomic materials that are believed to have been smuggled out of Russia, making the amounts look quite serious. One deal reportedly broken up by German authorities was to have involved four kilograms of weapon-usable plutonium in return for \$250 million.

Thomas B. Cochran, a senior scientist at the Natural Resources Defense Council and a co-author of the report, said: "The criteria now in use are out of date, technically erroneous and clearly dangerous in light of the recent seizures."

Resistance to the proposals is likely, however, because enhanced safeguards could be costly to enforce and might hamper or cripple some use of plutonium for the production of nuclear power overseas.

The plan is also controversial because the minimal amounts of material needed to make a bomb have long been classified top-secret.

Even so, arms experts said they welcomed the airing of the issue by the council, which favors strict limits on nu-

clear arms and materials. Many experts said the old rules were dangerously out of date, even if the new proposals were perhaps too restrictive.

"It's important to have this debate," Energy Secretary Hazel O'Leary said in an interview. "Any number of people have the impression that the smaller the size under control, the better we are in the long term."

Her agency oversees the nation's nuclear arsenal and plays a central role in limiting the spread of nuclear weapons.

Richard L. Garwin, a physicist who has long advised the federal government on nuclear-arms matters, suggested that revisions should fall somewhere between the old rules and the new proposals.

"Clearly," he said, "the significant quantity of plutonium should be lowered, at least to four kilograms and perhaps somewhat less, if it is to represent the amount that is hazardous."

William J. Quirk, a nuclear-weapon expert at the Lawrence Livermore National Laboratory in California, said that for the moment the exact figure was less important than a public discussion.

"Whether the right number is four or one or two kilograms, it probably makes sense to lower the current number if it's feasible economically," he said. "I think it's the right thing to start the debate and then people can decide what they want to do."

Building a nuclear bomb is known to get progressively more difficult as smaller amounts of fissionable material are used, the smallest requiring great expertise and special gear thought to belong only to advanced nuclear states. In addition, the power of the bomb blast decreases.

Nevertheless, 50 years of experimentation have allowed the United States and other nuclear nations to make powerful bombs in remarkably small packages.

In the 1960s, the United States stockpiled a bazooka-type weapon known as the Davy Crockett, whose miniature atomic warhead weighed 55 pounds and had a power equal to 22 tons of high explosive. At its core, the plutonium probably weighed several pounds.

In the 1950s and 1960s, amid a push for nuclear power and peaceful atomic industries, the United States championed an international system whereby safeguards would be applied to the handling and shipment of all kinds of nuclear materials to guard against diversions. The safeguards were enforced by an arm of the United Nations known as the International Atomic Energy Agency, or IAEA, based in Vienna.

The IAEA says the approximate amounts of fissionable material needed for a single nuclear weapon are 8 kilograms of plutonium, 8 kilograms of uranium-233, or 25 kilograms for uranium highly enriched in the 235 isotope.

These figures, known as threshold amounts or significant quantities, are used to establish a wide range of industrial safeguards meant to deter and detect the diversion of materials from peaceful purposes to the making of nuclear warheads.

Thus, the Natural Resources Defense Council is proposing the eightfold reduction in these categories. For instance, the threshold amount of plutonium would drop from eight kilograms to one kilogram.

Mr. Cochran, who is a physicist, said in an interview that his organization's proposed revision of the traditional figures was based on his calculations, a close reading of documents and statements and talks with experts who spoke on the condition of anonymity.

Mr. Cochran said one kilogram of plutonium could be fashioned by a skilled designer into a bomb with a blast equal to 1,000 tons of high explosive.

"Detonated in or above a city center, one such 'small' weapon would be sufficient to cause severe blast damage over roughly a 40-block area, and many thousands more would likely die from the ensuing fire and radiation effects," said Christopher E. Paine, a co-author of the council's report.

In comparison, the bomb that the United States dropped on Hiroshima in 1945 had a blast equal to about 15,000 tons of high explosive.

## Fears About Allies' Atom Programs

By David E. Sanger

New York Times Service

**TOKYO** — If the collapse of nuclear controls in Russia poses the near-term threat that terrorists could seize plutonium to make nuclear weapons, longer-term fears arise from nuclear energy programs launched by America's closest allies: Japan, Britain and France.

Over the next two decades these countries, as well as Russia, plan to increase the world's stockpiles of plutonium greatly. They are producing it to fuel a generation of nuclear power plants whose time has never quite come.

And in the process they are deflating the post-Cold War optimism that the world's supply of bomb-usable materials would drastically shrink. Moreover, the race to produce plutonium for energy is also sustaining a rationale that nuclear aspirants like North Korea have used to justify building nuclear energy installations that can quickly be turned to weapons production.

The plutonium can be used to fuel existing reactors, in place of uranium, but also for planned breeder reactors, nuclear plants that were first conceived with enormous enthusiasm, as a virtually self-sustaining source of electric power. These reactors burn nuclear fuel while "breeding" more, and for decades seemed to offer a solution to two major problems at once.

By recycling fuel, breeders would cut down on the amount of nuclear waste that would otherwise have to be buried or sunk in the ocean. And at first blush, the technology promised billions of dollars in savings.

But the long-promised economies have evaporated, and the spread of weapons projects in the last several years — in North Korea, Iraq, Pakistan and elsewhere — has only underscored the inherent dangers of a world energy system based on recycled plutonium.

Nuclear weapon science is everywhere, it is now clear, and the greatest obstacle to bomb production is not know-how, but access to plutonium or highly enriched uranium — materials which, under the energy strategies being pursued by several countries, will remain in plentiful supply.

The new supplies of separated plutonium are the result of "reprocessing" — extraction of plutonium and uranium from the spent fuel of conventional nuclear power plants. Because the extraction of plutonium is rapidly outpacing the building of the breeder reactors it was intended to fuel, a surplus of plutonium is building.

The International Atomic Energy Agency estimates that there are now over 100 tons of separated civilian plutonium stockpiled around the world. Most of it is stored in Britain, France and Russia.

Japan plans to obtain 50 tons more over the next 15 years, mainly produced in European plants, and within seven years it plans to open up a huge new reprocessing plant of its own. If diverted to weapons use, those supplies could produce thousands of nuclear weapons.

While officials in several countries concede that the breeder-reactor strategy is wildly uneconomical today, they say that the world will thank them one day when uranium — the fuel for ordinary reactors — becomes scarce and expensive.

Similar views are voiced in France, Britain and Russia. But critics assert that officials in Japan and elsewhere are simply justifying expensive programs that have already created large vested interests.

The rise of a "plutonium economy" has created several new threats.

Britain and France are nuclear powers already, but Japan's repeated insistence that it would never use its stockpile to make nuclear weapons have left its Asian neighbors unconvinced.

The main fear is that a huge commerce in plutonium would be a ripe target for theft by terrorists or countries secretly desiring to build nuclear weapons.

Moreover, the spread of reprocessing technology creates a justification for countries that want to make nuclear weapons to follow suit, under the guise of conducting energy research or developing energy sources.

The multibillion-dollar plutonium trade between Europe and Japan has cast the United States in an enormously uncomfortable position. The United States stopped reprocessing nuclear materials for civilian use 17 years ago, during the Carter Administration, for fear that it would speed the spread of plutonium.

Though the Japanese are the most vocal advocates of breeder reactor technology these days, their program was not born in Tokyo. It was Washington's idea.

As soon as the American occupation ended in the early 1950s, Japan became ripe ground for the "Atoms for Peace" project. With no oil reserves of its own, even a country with a profound nuclear allergy felt it had little other choice.

And in 1966, just as conventional, uranium-burning nuclear power plants were springing up along the sea coast, the government formally declared that it would start a major project to create self-sufficient breeder reactors.

But by the 1970s, amid worries about the spread of nuclear technology and clear evidence that the breeder reactors would be several times more costly than conventional reactors, America's program went into decline. Congress dropped the last financing for a breeder reactor in 1983.

But by that time Tokyo had assembled a classic industrial consortium: A government-backed company, called the Power Reactor and Nuclear Fuel Development Corporation, was created to coordinate reprocessing and to develop the use of plutonium as a fuel.

This spring, after decades of planning, Japan finally fired up the \$5 billion Monju breeder reactor, named for the Buddhist god of wisdom. But by the time it opened the wisdom was under fire: Uranium prices have been so low for so long that the reactor will be an incredibly expensive source of power, in a country that already produces the world's most expensive electricity.

Ground has been broken for a \$7 billion reprocessing plant that would take nuclear waste from around the country and turn it into plutonium for re-burning.

Japan has also invested more than \$3 billion in reprocessing installations in Sellafield, England and Le Hague, France, that are already operating. For several years, Japan has been exporting almost all of its nuclear waste halfway around the world, though so far only one shipment of plutonium fuel derived from it has come back.

In short order, Japan has become a vital customer for the Europeans. Originally, the European reprocessing installations were supposed to produce fuel for European breeder reactors and conventional reactors using MOX, a mixed-oxide fuel that combines uranium and plutonium. But gradually, that vision has crumbled.

After a long dispute, the Germans, who began breeder work in 1956, canceled their plans after a series of technical problems. The British, after experimenting with small reactors, decided in 1988 to end their major projects, and they are unwilling to invest heavily in plans for a European breeder for fear there would be no commercial customers.

The French have been more enthusiastic. But their trouble-ridden plant, called Superphenix, a model for Monju, was 2.5 times more expensive than a conventional reactor. It was forced to shut down in 1990 because of extensive leaks in its sodium cooling system and only recently limped back into service.

Though the customers are fewer and fewer, reprocessing is continuing at a rapid pace. After years of legal delays, Britain just opened its giant Thorp reprocessing center.

France's competing reprocessing center at Le Hague now takes in 130 to 140 tons of nuclear waste a month, and produces 11 tons of plutonium from it annually. But much of the waste and the plutonium sit in storage, awaiting a use.

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## DENG: On His 90th Birthday, Questions About Leadership Succession

Continued from Page 1

Andrew Nathan of Columbia University, a specialist on China. "But the anger is so deep over Tiananmen Square. People are just biding their moment."

For another, in the last 16 years, as policy has swung between political opening and crackdown, between economic reform and retrenchment, Mr. Deng's own prestige has been the mulling force behind a coalition of conservatives and reformers.

What will become of these competing factions after Mr. Deng is gone?

A coalition of three key leaders forms the core of the government, and many see the three of them continuing to hold sway, at least for a transitional period.

Jiang Zemin holds the titles of party chairman, president and chairman of the Central Military Commission. A Soviet-trained electrical engineer, Mr. Jiang, 68, has no military experience, a weakness considering the power of the army.

Though Mr. Jiang has been trying to

consolidate his position by wooing military leaders and paying lavish tribute to Mr. Deng, many doubt his durability. "Jiang is a compromise figure," Professor Nathan said. "There is nothing holding him up."

Also prominent is Li Peng, 66, the prime minister. Mr. Li, a Soviet-trained engineer with support among party elders, is viewed as an economic conservative. An adopted son of former Prime Minister Zhou Enlai, Mr. Li has support among the graduates of Soviet bloc universities who hold many key posts in the bureaucracy.

Because he was the government's principal spokesman after the Tiananmen Square massacre, Mr. Li is tarred by the crackdown. When he suffered heart troubles later, the economic portfolio was taken away from him, supposedly on a temporary basis.

Deputy Prime Minister Zhu Rongji, 66, took over as economic czar. As mayor of Shanghai in 1989, he persuaded demon-

strators to disperse without calling in troops. But he consented to the execution of three protest leaders.

Mr. Zhu is known for his blunt manner. Although he has made enemies among some subordinates, he is widely liked in Shanghai and among business people for his no-nonsense style.

Another intriguing figure is Qiao Guohua, now head of the nominal National People's Congress. Until taking over the Congress in 1992, he headed the secretive intelligence apparatus, giving him credentials with some hard-line and military elements in the government. Yet some analysts say they believe he abstained from the decision to use force to put down the 1989 protests.

But none of the potential leaders have part in his revolutionary credentials. None went on the 1934-35 Long March, the rite of passage for the dying generation when they fled from encirclement during the revolution.



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June 6, 1997



# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Trials for War Crimes

Not since the Nuremberg trials of high-ranking Nazis after World War II have there been international war crimes trials, but now two new instances loom. In The Hague, preparations long in the works to try genocide suspects in the former Yugoslavia may produce indictments in the next few months. The government of Rwanda says it supports an international tribunal to judge those accused of genocide in its tribal wars.

No public policy question is more sensitive politically and morally than how societies recompose themselves after profound conflict. At one pole is a pressing requirement for justice to respect the dead, individualize the guilt and deter future crimes. At the other pole is a no less pressing requirement for reconciliation: the establishing of accountability should heal, not salt, old wounds.

It is the suggestion of genocide, the ultimate war crime, that has driven the atrocities in Yugoslavia and Rwanda to formal international concern. War crimes below the genocide level are commonly treated within the political system of the affected country.

In Argentina, for instance, coup leaders were held criminally accountable. In Ethiopia, 400 decision-makers accused of special terrorist activities are being tried. In El Salvador, consensus has supported the uncovering of crimes but not the pun-

ishing of criminals. Plainly, it depends.

In the former Yugoslavia, a Europe that thought itself beyond Nazi-like atrocities compensated somewhat for its initial passivity by approving the tribunal now moving forward, already funded and staffed, in The Hague. But serious questions remain. At what level of responsibility will prosecutions be sought? How will the suspects' presence in court be ensured? Will some leading suspects escape prosecution by virtue of their bargaining power as political leaders?

In Rwanda, the victorious rebel government moved to the idea of an international tribunal with the encouragement of outsiders wary of its inclination to conduct its own trials. It has to be seen whether international parties will be able to help Rwanda manage the challenging transition from warring to judicial retribution during the slaughter to actually making just prosecutions happen in peace.

The Nuremberg trials worked because, although the victors ran them, they ran them fairly, and because the offenses charged were undeniably evil. There are twists on this pattern in Yugoslavia and in Rwanda, so it is not possible to be sure that the contemplated trials, if and when they come, will respond adequately to the unspeakable desecration of civilization's dearest values. But that should be the goal.

—THE WASHINGTON POST.

## No Arms Trade Policy

The Clinton administration has yet to announce a policy on arms sales. Under this administration, the United States is dominating the market for arms as no other country has in recent history. The American share of new arms deals in the Third World soared to 73 percent in 1993 from 56 percent in 1992. Given the dramatic rise, the failure to develop a policy is truly a missed opportunity.

The United States could use its market dominance to try to get other leading producer countries to agree to restrain the arms trade. It could offer to limit its own sales in return for similar restraint from other countries, starting with the sale of the most advanced weapons to the world's most volatile region — the Middle East. Instead, the two largest sales for 1993 — 80 percent of the total — went to that region. Saudi Arabia bought 72 F-15 jet fighters from McDonnell Douglas for \$3.5 billion, and Kuwait bought 256 M1-A2 tanks from General Dynamics for \$2.2 billion.

With slowed Pentagon procurement, the defense industry cannot expect to fend off decline by pushing its products abroad. U.S. sales to the Third World increased just slightly in 1993, to \$14.8 billion from \$14.6 billion the previous year. That is because the global arms market is shrinking. Third World arms purchases totaled \$20.4 billion in 1993, down 22 percent from 1992 and well below the 1988 peak of \$61.5 billion.

As a result, the U.S. arms industry is certain to face further consolidation and shrinkage. That could reduce the little competition left in defense contracting and shut down critical parts of the supply pipeline. The Pentagon needs to study whether it should take a more active role in managing that shrinkage.

It might conclude that it is best left to the dictates of the market. But, as with overall sales trends, having no policy seems to be administration policy. And that is not necessarily the best policy.

—THE NEW YORK TIMES.

## Beyond Guantánamo

Cuban refugees picked up at sea will now be taken to Guantánamo Bay. President Bill Clinton says, rather than to Miami. This new policy has a hasty and temporary look to it.

The idea is to prevent a sudden deluge of boat people pouring into Florida. But there are already more than 14,000 Haitian refugees at Guantánamo, where the atmosphere seems to be deteriorating. There have been two recent fights in which American military police have been injured. The administration needs to look beyond this stopgap reaction and think about the longer future.

The flow of refugees from Cuba and Haiti is being aggravated by the American sanctions on those two countries. The purpose is to force both governments out of power, but the only effect so far has been to increase the general misery to a point at which people are ready to take their chances on rickety little boats and rafts. The Cuban economy is declining fast, now that the country is no longer getting Soviet aid.

It is time to begin offering Cuba, step by step, relaxation of the sanctions in return for enforcement of civil liberties and progress toward democracy. The solution to the refugee crisis is not more banks at Guantánamo but a sense of hope in Cuba itself. At least at his press conference on Friday, Mr. Clinton was not ready to talk about that, and on

Saturday he announced new sanctions designed to punish Fidel Castro.

Since the administration accepts trade as a valid and useful lever to improve conditions in China, why not in Cuba? The circumstances are different. Mr. Clinton brusquely replied on Friday. Does Fidel Castro have to depart before the United States will move toward normal relations? Mr. Clinton brushed the question away by saying that in a democracy it is up to the people to decide. True, but Cuba is not a democracy. The United States has an opportunity to influence developments there in this last phase of the Castro reign. It needs to find ways to open a dialogue not with Mr. Castro but with the other 11 million Cubans, who now have no means of expressing their despair but to set sail toward Florida.

Conditions in Haiti are less promising than in Cuba, but even there the United States needs to start talking about conditions for relaxing the sanctions. Haiti's progress toward democracy is not likely to be rapid, but it will be sure if the initiative comes from Haitians rather than from American officials.

For the moment, the stream of refugees from Florida has been diminished. But the United States is degraded when it uses its ships to help Caribbean strongmen keep their much abused people imprisoned in these countries.

—THE WASHINGTON POST.

## Other Comment

### Destroying the Jobs Ladder

Just about every major social problem we have today, from our soaring crime rate and the decay of our urban areas to the rise of poverty and homelessness, can be traced to one factor: the decline of the number of decent-paying, entry-level jobs for people of limited skills.

Those jobs used to offer immigrants and disadvantaged Americans a ladder up into the middle class — jobs that paid enough for them to raise families and send their kids to college. Today, however, economically disadvantaged Americans have little

choice but to accept work, when they can find it, from the expanding sector of employers who have concocted every conceivable method of keeping wages down and workers powerless. And it's all in the name of "competitiveness."

There are no jobs which natural law ordains as inherently poorly paid and devoid of benefits or security. Before trade unionism brought civilization to the mines and mills of America, those jobs were just as cheap and just as bad as those in what is now called the "low-paid service sector."

—Lane Kirkland, president of the AFL-CIO, quoted in The Washington Post.

# Population Economics: The Sensible View Goes Unheard

By Julian L. Simon

CHEVY CHASE, Maryland — The reaction of the Roman Catholic Church to the coming United Nations Population Fund conference in Cairo is a monumental political blunder. The Vatican should not have mentioned abortion and contraception. It should have stuck to the subject of the conference — population control.

Pope John Paul II could simply have said that human life is the ultimate value and that interfering with reproductive liberty is a crime. But the church, like its critics, is drawn to the abortion wars like moth to a flame.

Thus it allows the opponents of true reproductive freedom to steal the issue of personal liberty and thereby take the moral high ground. By so doing, it is subverting its own larger — and admirable — goals.

Some militant feminists have decided that while Pope John Paul II is trying to force them to have children they don't want, Population Fund programs are not what women need. So the conference, which will start in Cairo on Sept. 5, has already become a free-for-all.

But the bureaucracy will get its way — population control, the central theme of the conference.

This is crystal clear in "objectives" in the "draft final document" (written, of course, long before the conference begins) "to achieve and maintain a harmonious balance between population and resources."

Government would achieve the harmony by "curbing unsustainable population growth" and "reducing excessive resource consumption." This aim, euphemistically called "population stabilization" and cloaked under verbiage about "family planning," has been affirmed by Timothy E. Wirth, the U.S. undersecretary of state for global affairs. He bluntly talks about "population control," and President Bill Clinton explicitly backs this goal.

Attaining this goal means government policies that will propagate, bribe and coerce couples to have fewer children than they would otherwise choose to have.

The world's leading example of population control is China. Its "family planning" one-child policy is pure coercion. It includes forcing intrauterine devices into the wombs of 100 million women against their will; mandatory X-rays every three months to ensure that the devices have not been removed, causing who knows what genetic damage; coercion to abort if women get pregnant anyway, and economic punishment if couples evade the abortionist.

Most of the population establishment, which backs the Cairo show, applauds China's programs. The population-control advocates are forever apologizing that, yes, there was coercion in the past, but the abuses were local and unauthorized and no longer occur. This was again revealed as a lie by the recent Chinese law to prevent the "floating population" from having the children they want.

The population activists now use their influence with the State Department to finance population-control programs in Africa with U.S. aid and to bribe African governments into cooperating.

Now comes the Pope to get into a well-publicized argument with President Clinton about abortion and contraception.

Non-Catholics, and even some Catholics like Frances Kissling, president of Catholics for a Free Choice, interpret the Pope's statements as amounting to coercion of Catholics to have more children than they would like to have.

Jane Fonda — Washington's "special goodwill ambassador" to the UN Population Fund — has decided that the church is the bogeyman in the matter. And Mother Jones magazine writes: "The Vatican's dark marriage to Islam has kept birth control off the international agenda. Meanwhile, the attack on the Pope deflects attention from the real enemy — the Chinese, who coerce; the Indonesians, who use heavy-handed communal 'persuasion,' and the UN Population Fund, which orchestrates population control."

Second, the Pope's message against governmental coercion, and in favor of life, is lost entirely.

ly. Instead of being heard as the defender of the most basic human values, he is seen as the villain of the conference.

There is a terrible irony here. The church has been the leading institution which celebrates human life as such and asserts that enabling a new person to enjoy life is a good in itself. It does not urge people to have more children than a couple want and can afford. It recognizes the human limitations of a family's resources and energies. It does, however, hope that people will decide to have additional children, and it cheers when they do.

Most important, it recognizes that one family's having more children does not make another family poorer in the world's goods. This conclusion is supported by two decades of research by population economists.

The Vatican's problem is that no matter what it says about other matters, a few words about abortion and contraception get all the attention. In the United States' position paper at the 1984 population conference in Mexico City, there were just a few sentences opposing abortion, but for all practical purposes they were the only ones that mattered. This is what the Vatican is up against.

The church is also up against a

deep-rooted anti-Catholicism that is triggered by the population issue and distorts the thinking of even the clearest-minded people. The church's great message about the value of life gets lost to many (including my fellow Jews) amid these quarrels and recriminations about abortion and contraception.

The church is the only participant in these proceedings that gets it right about the economics of population growth and economic development.

A supposed rationale for "population stabilization" is that lower population growth brings about faster economic growth. But the fact is that this proposition — mainstream wisdom until the early 1980s — has been proved false.

In the 1980s, there was a U-turn in the consensus of population economists about the effects of population growth. In 1986, the National Research Council of the U.S. National Academy of Sciences almost completely reversed the worried view it had expressed in 1971. Its report noted that there was no statistical evidence of a negative connection between population increase and economic growth. And it said, "The scarcity of exhaustible resources is at most a minor restraint on economic growth."

This shift has gone unacknow-

ledged by the media, by environmental organizations and by the agencies that foster population control around the world.

While the Reagan administration built this body of scientific fact into its 1984 stand at the world population conference, the Bush administration did nothing to carry it out in policy, and the Clinton administration turns a blind eye to it. Now the UN Population Fund has carefully prevented mainstream population economists from participating in preparations for the conference.

So what will we get in Cairo? Lots of acrimonious feminist rhetoric against the church and white males, providing an enjoyable occasion for the women and fine sound bites for the media, plus heartburn for the Vatican and maybe a lesson for the future.

And we'll get quiet success for the population controllers and UN bureaucrats who want to force women in poor countries to have fewer children than they want to bear — with no benefit to the economies and environments that these establishment members claim to be improving.

The writer, who conducts research on population economics, is a professor of business administration at the University of Maryland. He contributed this comment to The New York Times.

## Rome Shouldn't Be Allied With Iran and Libya

By Jim Hoagland

WASHINGTON — Against all odds, the Vatican has topped its recent act of awarding Kurt Waldheim a papal knighthood. The Holy See's diplomats have sought out Iran and Libya as ideological soul mates in the fight against United Nations efforts to spread birth control in the Third World.

Courting Iran, Libya, and other radical Islamic regimes on this issue is bad politics, bad diplomacy and bad judgment. The Vatican thus finds a moral nadir below even the fetid of the Austrian ex-president and ex-Nazi trooper Waldheim.

Earlier this month, Pope John Paul II sent special envoys to Tehran and Tripoli to rally support for the church's strong opposition to the United Nations Conference on Population and Development, to be held in Cairo from Sept. 5 to 12. The Vatican kept quiet about these trips. The rogue regimes of Iran's ayatollahs and Moammar Gadhafi publicized the meetings for their own malicious purposes.

Throughout history, the Vatican has had to sup with the devil. Its spokesmen assure Western nations that it has again used a sufficiently long spoon — that it seeks no alliance with the radicals, and its envoys offered them no political comfort.

But that view underestimates the political nature of the struggle for control being waged across the Islamic world. The Vatican risks interjecting itself — on the wrong side — in that sharpening struggle by making common cause with Islamic extremists. In the Vatican's viewpoint, the worldwide struggle over abortion and birth control seems to take immediate precedence over the political struggles in Egypt, Algeria, Malaysia and other countries where Muslim

fundamentalists want to sweep away secular governments and install theocracies.

Spokesmen for the ayatollahs welcome this approach. The Iranian newspaper Abrar quoted an official as having said after meeting a papal envoy on Aug. 1: "The future war is between the religious and the materialists. Collaboration between religious governments in support of outlawing abortion is a fine beginning for the conception of collaboration in other fields."

Libya's official press agency, JANA, also welcomed "collaboration." In a dispatch quoted in The New York Times on Aug. 18, it claimed that the Vatican agreed to help Libya resolve its confrontation with Western governments over the bombing of Pan Am Flight 103 in 1988. Libya in return would support the Vatican's position condemning a draft accord on reproductive rights to be presented in Cairo.

The Vatican denies that a deal was struck. But Tripoli reaps propaganda value from the papal envoy's visit in any event. Such contacts implicitly undermine the Western effort to isolate Colonel Gadhafi and force him to turn over for trial the Libyan agents who sabotaged the Pan-Am flight.

The Cairo conference, to be attended by representatives of 180 countries, is supposed to draft a 20-year plan to control world population. The UN bureaucracy, strongly supported by the Clinton administration, has produced a pro-feminist agenda devoted to "empowering" women to exercise control on family planning and reproductive rights.

The Vatican says the agenda will promote abortion and homosexual activity.

While it has been busy treating abortion as a religious issue on which its pronouncements cannot be challenged, the other side in the Cairo debate has tended to treat abortion as a secular political issue that has already slipped out of the church's control.

For the Clinton administration and UN bureaucrats, the Cairo conference is a debate and lobbying effort. For the Vatican, Cairo is war. The Pope's men have made this clear by seeking foxhole companions in Tripoli and Tehran.

To avoid turning the Cairo conference into a battleground on which everyone is harmed, both sides in this argument need to reassess. The Vatican needs to recognize the political implications of a religiously inspired campaign to embarrass governments that support population control and to embrace anti-abortion zealots of all stripes. Sinking moderate Islamic governments can only harm Christianity's ability to exist in the Middle East, Africa and Asia.

On the other side, the United Nations and Washington need to recognize how deeply the church and others feel about birth control and abortion. These issues cannot be treated merely as secular matters to be determined in bureaucratic debate and a vote.

Underestimating the force of religion in world affairs, as the Clinton administration tends to do, is as bad as underestimating the political consequences of a jihad on abortion, which the Vatican seems tempted to conduct in Cairo. This two-sided single-mindedness is a recipe for a political and religious disaster of historic proportion.

The Washington Post.

## In Asia, Too, Different Countries Have Different Population Needs

By Philip Bowring

HONG KONG — Pay homage to gradualism and moderation. As the world gears up for another talkfest about controlling the "threat" of population growth, the rich would do better to think more selfishly — and realistically — about their own situation. Not just the old rich, either.

The new beneficiaries of the East Asian boom are now benefiting more than they often realize from their own past stunning successes in slowing the population "threat," will face even more serious dilemmas than those currently confronting an aging Europe.

It is becoming increasingly apparent that too few people can be as big a danger as too many, and that an overly rapid rate of change, especially one imposed from above, can store up horrendous problems for the future.

Population pressures are clearly behind many current miseries around the world. Rwanda's 7 million people, almost all dependent on the land, lived in a country smaller than Belgium and still growing at 3 percent a year. It is not difficult to argue that land pressure is as important as ethnic rivalries in causing periodic bouts of mass bloodletting.

It is hard not to see a similar connection between population pressures and the civil wars which have rent Yemen. Or in the warfare between Iran and Iraq, or indeed the ferment which, despite progress in resolving the Palestine injustice, afflicts the Middle East.

Iran, Iraq, Syria and Saudi Arabia all have some of the highest fertility rates in the world and populations growing at well over 3 percent a year. Algeria is not far behind at almost 3 percent.

Contrast those with arguably problematic Asian countries like the Philippines and India, or high-fertility Latin countries like

Brazil and Mexico. In all these, rates of increase were never more than 2.5 percent and are now down to 2 percent and falling.

There could scarcely be a more dangerous chasm in the world than that between the southern and northern shores of the Mediterranean. Fertility in Italy and Spain has fallen so sharply that already more people are dying than being born. Projections put the French population, currently 58 million, at 55 million by 2025 and subsequently falling to 45 million. Germany looks much the same, although the process of change has been slower.

One can reasonably argue that the absolute number is irrelevant. But the process of change is the problem. It implies that the percentage of dependents will reach extraordinarily high levels in Western Europe, a burden on society much greater than that imposed by high levels of dependent children in some developing countries.

Much of Southern and Eastern Europe and Russia desperately needs very soon much higher birthrates or controlled inward migration as in Canada, where traditional population growth policies offset low fertility. They need it as least as desperately as Algeria needs the opposite.

That is not to say they will not get it. Demographic trends are notoriously fickle. Birthrates in Northern Europe, once very low, are picking up. Algeria and Syria may get sudden doses of the factors which lower birthrates elsewhere: education of women, rising life expectancy, falling child mortality, urbanization, jobs for women, or sheer brute government directive. But nothing can be assumed to right itself.

### Bring Down Fertility and Immigration in America

PRESENT immigration and fertility patterns place the United States on the path to a population of 397 million by 2030 and 492 million in 2100. More than 90 percent of that growth will be a direct result of post-2000 immigration.

In other words, immigration policies place the United States in a league with the ruinous population growth patterns of countries like India and Bangladesh. We find the idea of another doubling of U.S. population thoroughly frightening.

—Lindsay Grant and Leon F. Bouvier, in the Los Angeles Times.

forts to prevent sex testing of fetuses seem unlikely to be very effective while society puts a large premium on male children. However, India's higher fertility rates make sex bias less dangerous than in low-fertility China.

While the Asian giants confront the demographic dangers of patriarchal systems, much of Southeast Asia is enjoying the benefits of patriarchal systems which have survived over the centuries despite overlays of imported religions and ideologies. Female children have been equally valued, reflecting their economic position. Fertility rates were never at the levels now seen in Africa and the Middle East, and have been falling steadily, nudged a little by government programs but more by education and employment opportunities.

In Thailand, almost as many girls as boys attend secondary school. Indonesia is not far behind. Even Burma, an economic failure, has seen a steady fall in fertility as education for women has improved.

Although population-obsessed experts at the World Bank continue to berate even Thailand for

being in the "earlier stages of fertility decline," in fact most of Southeast Asia — Vietnam and the Philippines could be exceptions — is showing balance and moderation.

Annual rates of population increase are down to 1.6 percent in Thailand and Indonesia, and fertility is falling faster. These countries should avoid the pitfalls of unbridled population growth outstripping natural and capital resources, or creating equally problematic imbalances in the age or sex structure.

Many countries in Southeast Asia have the advantage of natural resource endowments and can do without authoritarian anti-natal programs. Likewise much of Latin America can afford much higher population density than it currently has, and thus can take a gradualist approach.

Whatever the merits of ultimately reaching some global optimum, excessive anti- and pronatalism are the sides of the same coin that sent Goths, Mongols and Vikings off on their travels to massacre others rather than each other.

International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1894: Worse Than Pigs

PARIS — A Berlin telegram says the *Hamburger Nachrichten* is authorized to contradict the statement put into Prince Bismarck's mouth. The old Chancellor warmly denies that he ever said that the Anarchists ought to be penned up and treated like pigs at Yverdon, and when his attention was drawn to this statement he exclaimed: "I should never have thought of insulting my pigs by such a comparison."

### 1919: Back From France

NEW YORK — Wearing Victory ribbons with six stars, the first troops of the Third Division (Regulars), the only American division to take part in six major offensives, returned yesterday [Aug. 19] on the troop transport *Agamemnon*. The division is best known as "The Defenders of the Marne."

### 1944: Seine Reached

WITH AMERICAN ADVANCED FORCES AT THE RIVER SEINE — [From our New York edition:] The Seine, which flows through the center of Paris, has been reached and crossed by fast-moving American forces. The crossings were made not at Paris but to the northwest in the vicinity of Mantes. By assuming control of the strategic Seine, the Americans are further cutting possible routes of escape for the fleeing German divisions. Despite heavy rain and pitch darkness, the crossings of the river began [Aug. 21] as the Americans were in complete control of their objectives. Over night the Americans had separated the Germans in Normandy from the Germans in the Paris area. The pace of General Patton's army is staggering.



International Herald Tribune

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S.A. au capital de 1,200,000 F. RCS Nanterre B 33201126. Commission Paritaire No. 61337  
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# From the Liberation of Paris, Potent Myth of National Unity Arose

By Joseph Fitchett  
International Herald Tribune

PARIS—French history is made in Paris, so the city's liberation was bound to demand better political theatrics than a simple German withdrawal.

By the time the act of surrender was signed in a billiard room at police headquarters on Aug. 25, 1944, the salvation of Paris had riveted the world's imagination and shaped postwar France's place in the West, its relations with Communism and sense of its national identity.

The story of the popular uprising in Paris, as a lone French tank column raced to the city's center, contains an extraordinarily potent political charge, perhaps because it was virtually the only French victory in the war.

To speeches, parades and street dancing on Thursday, some participants may momentarily relive the most significant dimension of the liberation: the myth of national unity that General Charles de Gaulle artfully contrived. His goal, he wrote later, was to lift Frenchmen's "opinion of themselves for several generations" after a war in which too much of the population collaborated enthusiastically.

To raise national morale, the liberation's main traits fit a classic recipe: a mixture of revolutionary barricades and block parties in the streets, in step with a Parisian legend of insurrection that started at the Bastille in 1789.

Today, that cathartic week 50 years ago is being

revisited by the French press in a frenzy without parallel in any other Allied country's evocations of the war.

No one more than General de Gaulle felt the nation's need for a watershed event to help people move on from a historic nightmare. France had had a bad war: it was the only anti-Axis belligerent to strike a deal to cooperate with Hitler. Worse, France was the scene of bloody civil conflict between determined, often small Resistance movements and collaborators who had maliciously turned on their fellow countrymen.

The key to breaking this vicious cycle was Paris. A popular plebiscite in the capital would confer legitimacy instantly on the new ruler that France desperately needed.

Winning it was no feat of arms. Paris was a strategic liability for the Allied armies racing past the capital and aiming to cross the Seine before German forces could make a defensive stand. A freed Paris would consume supplies needed by American tanks racing toward the Rhine bridges and Germany.

General de Gaulle argued insistently for dispatching a French armored column under General LeClerc to force a quick German surrender, arguing that the Allies could not risk leaving Paris in the hands of the German occupiers, who might exact a horrendous toll on the population.

If the occupiers fled, Communist resistance fac-

tions would exploit the power vacuum, and General de Gaulle feared an orgy of vigilante justice liable to breed more bad blood among the French — the lynchings and head-shavings that were eventually inflicted on more than 10,000 French in the *épuration sauvage* later in 1944.

Worst, General de Gaulle worried, internecine squabbling would open the way to an occupation: the Allies had already printed currency overprinted "AMGOT" for "American Military Government." Washington hoped that the Vichy regime of Marshal Philippe Pétain might simply surrender.

General de Gaulle countered by simply insisting that the Vichy regime had never existed legitimately. Consistently, he explained that his Free France movement had incarnated the wartime oedon, conveniently ignoring the parliamentary vote of full powers to Marshal Pétain.

This attitude, dictated by General de Gaulle's determination for France to be treated as a world power despite its collapse in 1940, stamped ambiguity and tensions on his relations with the Americans.

In August, Allied forces burst out of the Normandy pocket, suddenly reducing politics to timing. Wait too long to turn against the Germans and you risked getting no credit. A premature move could be fatal: firing squads executed a group of schoolboys four days before the end.

On Aug. 18, the Communists issued a call to arms. French policemen — odious during the occupation

— raised the tricolor at their headquarters and barricaded themselves inside.

Railwaymen blocked German trains in tunnels so they could not bring in reinforcements or ferry out escaping troops. Nearly 600 barricades went up in Paris streets. Skirmishes broke out, often involving a single German tank.

Paris did not risk the fate of the Warsaw uprising, where the Red Army halted to let the German garrison destroy the city — and underground Polish Communist leaders. That episode, roughly coinciding with the Paris battle, consolidated General de Gaulle's view that France could work with Moscow because the Kremlin would always sacrifice the French Communist Party for Russia's own national interests.

But there was a parallel with Warsaw in well-grounded Allied fears that Hitler wanted to raze Paris. The risk persuaded the allies to move on the city.

By the time General de Gaulle arrived on Aug. 24, more than 3,000 Parisians had been killed, enough for the general to lionize Paris as a self-liberated city. He recognized, as Antony Beevor and Artemis Cooper wrote in a just-published book, "Paris After the Liberation," the "value of the myth that the rising had created."

It could help the French sublimate historic shame that could hold the nation in paralyzing thrall. The icon of this extraordinary happening was his

progress the next day down the Champs-Élysées, parading a sea of delirious Parisians who were laying eyes on the man who had existed only as a voice of hope. When a burst of sniper fire scattered the crowd, combat-wise leaders at the procession's head kept right on walking toward Notre Dame. What is remembered, however, is the majestically unbending figure of the general.

General de Gaulle, in all his utterances that day, emphasized his goal of "uniting everyone in a surge of national pride" — an attitude that swiftly distanced him from the Resistance, including his own followers. They wanted justice. General de Gaulle wanted a people to rule, including Pétainists. The Resistance would be a free-masonry to postwar France, not a junta.

Sensing General de Gaulle's message, even the chic arrondissements, which had tended to be more collaborationist than working-class neighborhoods, were swept up in what became a citywide party.

Parisians on wooden clogs swayed like high-spirited models, their short skirts revealing legs in painted stockings. Bottles emerged from hiding places. Starting the day as sightseers at a battle, people danced the night away. Liberating the Ritz Hotel bar, Ernest Hemingway looked over his shoulder at his personal army and ordered "martinis for 50."

As the celebrations ignited in Paris, the country started on the road to recovery.

## In One Suburb, a Special Perch

Witness Recalls Bells and Bullets on Avenue de Neuilly

By Thomas Fuller  
International Herald Tribune

ASNIERES, France — Louis Billard sat perched on a crimson couch in his apartment in this Paris suburb and told of the day, 50 years ago, when all the church bells began to ring.

"Everyone went to their windows," he said, his animated face making him look younger than his 80 years. "And little by little we saw them arrive, first motorcycles and then tanks."

"As if by magic, French, American and British flags were draped under people's windows," he said. "The Marseillaise was playing from every building."

Mr. Billard's perch on that day, Aug. 25, 1944, was the window of his third-floor apartment at 181 Avenue de Neuilly, now the headquarters of the International Herald Tribune.

Today, as in 1944, Neuilly-sur-Seine is an affluent suburb of Paris bordering the Bois de Boulogne. But Neuilly's main thoroughfare is no longer Mr. Billard's Avenue de Neuilly. The street was renamed Avenue Charles de Gaulle and now serves as the main artery connecting Paris with the nearby business center of La Défense.

As he looked down onto the Avenue de Neuilly 50 years ago, Mr. Billard remembers, instead of the noise of cars and motorcycles he heard gunfire from the nearby roofs.

"There weren't yet all eliminated," he said. "Several of them fired on the troops passing by below. Two soldiers were fairly seriously hit, and I think one of them died."

"But the troops had anti-tank guns mounted on a platform," he said, his eyes flickering

with animation as if he was back in his old apartment standing at the window witnessing the scene below.

"They saw where the shooting was coming from, aimed the gun and fired a shot," he said. "That was the last we heard. Finished. A fire started, and the firemen came."

Before the liberation, Mr. Billard and his wife spent four and a half years of countless hushed conversations with neighbors, of listening to clandestine news broadcasts from London, four and a half years of many trips by bicycle to the farms around Paris in search of fruit and vegetables.

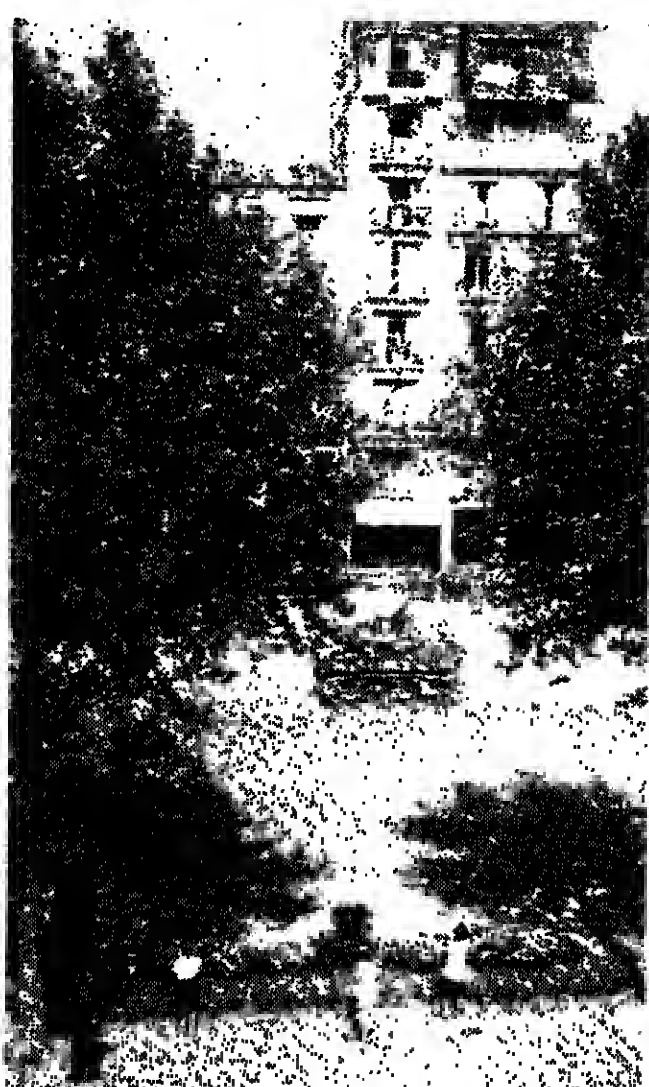
"Despite everything, with our radios we listened," he said, referring to the broadcasts from London during the summer of 1944. "We knew what was happening. We knew that the battle was practically won. You won it." He meant the Americans and the Battle of Normandy.

The thought of D-Day soldiers running up a beach triggered a personal memory: "Several years after the war," he said, "I went with my daughter — I wanted to see where I had done my military service," at a time before the war.

"I did my military service at St-Avoid," he said slowly, referring to a town in eastern France near Metz. He paused.

"St-Avoid." He sat upright and stared straight ahead. Silence. His eyelids drooped with a tear.

"It's horrible," he said. "When I saw the cemetery of the Americans there, it was huge. General Patton was buried there. It was huge. It was huge, crosses as far as the eye can see. Having known St-Avoid much differently, when I saw that I said to my daughter, 'Come, let's leave.' It was too much to handle."



Louis Billard's liberation perspective on Aug. 25, 1944.

## Ex-Mitterrand Aide Describes a Plot To Assassinate Carlos's Lawyer in '80s

Reuters

PARIS — A former aide to President François Mitterrand said Sunday that he had been entrusted in the early 1980s to assassinate Jacques Vergès, the lawyer now defending the captured terrorist "Carlos the Jackal."

Captain Paul Barril, a former member of an elite anti-terrorism unit, told the television channel TF1 that the French president had known about the plot.

After a week of charges and countercharges, Mr. Vergès has begun to eclipse his notorious client in the eyes of the French press. Carlos, a Venezuelan whose real name is Ilich Ramírez Sánchez, was seized a week ago in Sudan and jailed in Paris.

News organizations have delved into the archives of Stasi, the former East Germany secret service, which suggest that the attorney has long been close to Carlos.

Mr. Vergès spoke of a plot against his life last week, saying he had been informed about it by Captain Barril in 1991.

Captain Barril, asked by the television interviewer if it was true that he had been instructed to assassinate the lawyer, answered: "I cannot deny Ver-

gès's statement. In 1982-83, Vergès was at the center of all terrorist contacts, including Carlos. He was a priority target."

In 1982, Mr. Vergès was defending Carlos's girlfriend, Magdalena Kopp, a member of Germany's Red Army Faction, who was later jailed for carrying arms and explosives.

Asked if Mr. Mitterrand had authorized the plot to murder Mr. Vergès, as the attorney asserted in an interview with the newspaper France-Soir, Captain Barril answered:

"He knew about it. No instruction is ever given in such cases. They are too delicate to commit to paper. Instead, carte blanche is given."

No comment was immediately available from Mr. Mitterrand's office on Captain Barril's remarks.

The Elysée Palace has refused to comment on the allegations made by Mr. Vergès last week.

Explaining the reason for the plot, Captain Barril said, "Because terrorists were protected by states, we were forced to use means which are not in the penal code."

French newspapers, quoting Stasi files, have made a string of allegations against Mr. Vergès since Carlos's arrest.

The files have been variously quoted as branding Mr. Vergès an "operational member" of Carlos's group and implicating him in an attack on a French nuclear plant in 1982. He has denied the allegations, denouncing what he called a "Stasi disinformation campaign."

In an interview published by the weekly Le Journal du Dimanche, Interior Minister Charles Pasqua, the architect of Carlos's seizure, said the guerrilla would betray his friends as he faced life behind bars.

"Many people would like to see him dead," Mr. Pasqua said, adding that he was certain Carlos would name names, including accomplices who provided him with information and who carried out his propaganda.

Carlos faces legal proceedings for three bombings in the 1980s, including a car bombing in Paris that killed a woman in 1982.

The two other cases are the bombing of a Paris-Toulouse train in 1982, which killed five people, and an attack on a Marseilles railway station in 1983, which also left five people dead.

## PARIS: War-Weary People Were at the Limits of Endurance When Allied Liberation Troops Sent Occupying Germans Running With Their Loot

Continued from Page 1

very much present in the city, as French citizens discovered Aug. 19 when they attempted an insurrection to liberate the city.

A few days later, the tanks of the Free French Second Armored Division and soldiers of the U.S. 4th Infantry Division liberated Paris after some very tough fighting.

Everywhere, jubilant crowds invaded

the streets and avenues to acclaim the liberators.

I had managed to escape my parents' vigilance to run to the Champs-Élysées. An American tank with a big white star painted on its flank had just stopped in front of the Grand Palais. I saw a blond giant, his fatigues all covered with grease and dust, emerge from the turret. My first American!

I was overwhelmed with happiness and emotion. I began to run toward him. I

wanted to tell him our joy, our gratitude, our love. But as I was running, I suddenly realized that I wouldn't know what to say to him because I didn't speak any English. In my school, we had been forced to learn German during the war.

As I arrived in front of the tall, smiling American, I suddenly remembered I did know at least two words in the language of Shakespeare. I shouted to him, "Corned beef!"

He burst out laughing, climbed onto his

tank, and disappeared inside to emerge immediately with a huge box of corned beef, which he presented me as the most glorious of all trophies.

And what a trophy it was indeed for a young Parisian schoolboy who had not seen meat for many months!

The following day, Aug. 26, the most fantastic spectacle filled my schoolboy eyes: the triumphant parade of liberation on the Champs-Élysées, at its head the

proud and tall General Charles de Gaulle, the man whose voice we heard on the radio during four years of German occupation.

All along the world's most beautiful avenue, it was one big ocean of 2 million cheering people. Crowds lined the roofs, windows, balconies, trees, lampposts and packed the sidewalks, screaming General de Gaulle's name as he walked by. Little girls ducked out into the avenue to hand him bouquets, which he passed to the men behind him.

A whole city was pouring its love over the man who had been the incarnation of hope, the symbol of victory, during more than four years of Nazi tyranny.

Dominique Lapierre, co-author with Larry Collins of the best-selling book "Is Paris Burning?" and a native of Paris, was 13 years old when the city was liberated. He wrote this for the International Herald Tribune.

## BOOKS

WHAT THEY'RE READING

• **Sirio Maccioni**, owner of New York's Le Cirque restaurant, is reading "Il Padrone del Mondo" by Enzo Biagi. "This book tells how Europeans are always enchanted by America, as long as they don't go there and spoil their dreams. It is in Italian because I read one week Italian, followed by a week of German, then English — the best way to keep your languages up." (John Brunton, IHT)



in space, the Cuban missile crisis during the Kennedy presidency, the U.S. loss in Vietnam, the policy of containment, the demise and revival of détente, Mikhail S. Gorbachev and the end of the Cold War.

Throughout "The Cold War," the author delivers telling scenes of conflict in Washington between statesmen who wanted to trust the Soviet Union and those who were opposed to any postwar aid that

might sustain the war-battered Communist government.

Recent revisionist historians have shifted some of the fault for the Cold War to American rigidity. Yet nothing in the Stalin record — as exposed by Kremlin leaders themselves — offered hope for a renewal of the wartime alliance or democratization in the Soviet Union and its satellites, which were held in line by Russian tanks.

Walker's book isn't quite re-

visionist history, yet at times he seems inclined to see the bright, neo-Orwellian, side of the Cold War. What I found most startling was his cool emphasis on the positive economic achievements of the Cold War.

Writing about the two major wars in Korea and Vietnam during the Cold War era, he makes much of the fact that "America's Cold War defense budgets also pumped investment into the now-booming economies of the Pacific Rim.

Japan's economic miracle can be dated with some precision to the effect of the Korean War, when Japan became the main base for the U.S. war effort."

Again, on the Vietnam War, he says "Japanese Hondas and stereos and radios packed the PX stores on the American bases."

This sanguine interpretation neglects the human side of the equation: the millions of military and civilian casualties in both wars, the waste of re-

sources that might have been used to improve living standards instead of sophisticated armaments and the environmental damage caused by chemical weapons and aerial bombing. Korea and Vietnam were not PX lands.

On the tantalizing question of whether the Cold War was inevitable, Walker writes: "It is just possible, had Roosevelt lived, and had there been no stricken Europe between them, no Western European Allies still festooned in embarrassing colonial entanglements, and in a most prickly pride, that the Cold War might not have got under way. But Roosevelt was dead, the Americans had the monopoly of the bomb and Europe sprawled between the victors, to be occupied, rescued or fought over."

There are enough ifs here to render even guesswork futile, but the author's speculation is pleasing to contemplate.

Herbert Mitgang is on the staff of The New York Times.

## BRIDGE

By Alan Truscott

ON the diagrammed deal from the Grand National Team final, Larry Cohen as South arrived in six spades after his opponents had bid clubs vigorously. North's double of two clubs was a support double, promising three-card support for spades. After an opening club lead, ruffed in the dummy, he faced a difficult problem.

He found an interesting solution by leading the spade nine from the dummy. Jeff Meckstroth as East ducked after considerable thought, and the queen won in the closed hand. It appeared to South that if he ruffed his remaining club, he would have difficulty in handling East's remaining small spade. As it happens, that play would have succeeded because the fall of the diamond ten permits a second entry to the closed hand in that suit.

Instead, South led the heart queen for a finesse he expected to win, and this won the trick when West did not cover (covering would perhaps have been better, but South could have

survived). He then ruffed his remaining club with the spade ace, led to the diamond ace and drove out the spade king. Again the diamond nine was the vital entry to draw the missing trump and make the slam. The significance of the heart play, taking away East's only heart, would have been clearer if that player had held four diamonds, headed by the ten he could not have prevented from reaching his hand to draw the missing trump.

**NORTH (D)**  
A 9 3  
K 8 7 3  
Q J 4 2  
—  
**WEST**  
S K 9 5 4 2  
H 10  
D 10  
A K 10 5 3 2  
**EAST**  
K 4 3  
Q 10  
J 7 6 5  
A 10 9 8 7 6 5 4  
**SOUTH**  
Q J 10 7 6 2  
K 8 6  
Q 5 3  
A 10 9 8 7 6 5 4  
Both sides were vulnerable. The bidding:  
North: 1♣, 2♦, 3♠, 4♠, 5♠, 6♠, 7♠, 8♠, 9♠, 10♠, 11♠, 12♠, 13♠, 14♠, 15♠, 16♠, 17♠, 18♠, 19♠, 20♠, 21♠, 22♠, 23♠, 24♠, 25♠, 26♠, 27♠, 28♠, 29♠, 30♠, 31♠, 32♠, 33♠, 34♠, 35♠, 36♠, 37♠, 38♠, 39♠, 40♠, 41♠, 42♠, 43♠, 44♠, 45♠, 46♠, 47♠, 48♠, 49♠, 50♠, 51♠, 52♠.  
East: 1♣, 2♦, 3♠, 4♠, 5♠, 6♠, 7♠, 8♠, 9♠, 10♠, 11♠, 12♠, 13♠, 14♠, 15♠, 16♠, 17♠, 18♠, 19♠, 20♠, 21♠, 22♠, 23♠, 24♠, 25♠, 26♠, 27♠, 28♠, 29♠, 30♠, 31♠, 32♠, 33♠, 34♠, 35♠, 36♠, 37♠, 38♠, 39♠, 40♠, 41♠, 42♠, 43♠, 44♠, 45♠, 46♠, 47♠, 48♠, 49♠, 50♠, 51♠, 52♠.  
South: 1♣, 2♦, 3♠, 4♠, 5♠, 6♠, 7♠, 8♠, 9♠, 10♠, 11♠, 12♠, 13♠, 14♠, 15♠, 16♠, 17♠, 18♠, 19♠, 20♠, 21♠, 22♠, 23♠, 24♠, 25♠, 26♠, 27♠, 28♠, 29♠, 30♠, 31♠, 32♠, 33♠, 34♠, 35♠, 36♠, 37♠, 38♠, 39♠, 40♠, 41♠, 42♠, 43♠, 44♠, 45♠, 46♠, 47♠, 48♠, 49♠, 50♠, 51♠, 52♠.

CALLING ONE FOREIGN COUNTRY FROM ANOTHER IS NO  
**SECRET**  
WITH THESE SIMPLE ACCESS  
**CODES.**

COUNTRIES	ACCESS NUMBERS	COUNTRIES	ACCESS NUMBERS	COUNTRIES	ACCESS NUMBERS	COUNTRIES	ACCESS NUMBERS
<b>AFRICA</b>		<b>ASIA</b>		<b>EUROPE</b>		<b>MIDDLE EAST</b>	
Algeria	000-12	Australia	033-1000	Austria	1-800-577-4000	Bahrain	05017-1-877
South Africa	1-800-99-0001	Brunei	033-1111-10	Belgium	1-800-577-4000	Bangladesh	01-800-0697
<b>AMERICAS</b>		Canada	1-800-241-877	Bulgaria	1-800-751-7677	Burkina Faso	0050-155-21-33
Argentina	001-800-277-1111	China	1-08-12	Cyprus	1-800-751-7677	Cape Verde	173-187
Bahamas	556	Hong Kong	001-801-877	Czech Republic	1-800-751-7677	Cameroon	002-99-00-01
Belize	001-800-277-1111	Hong Kong	011	Denmark	1-800-751-7677	Chad	002-99-01-1
Bolivia	000-22	Indonesia	001-801-15	Egypt	1-800-751-7677	Chile	153-077
Brazil	000-873	Japan	009-121	Finland	009-121	Columbia	0050-990-677
Canada	1-800-577-4000	Korea	009-56-16	France	009-56-16	Croatia	0050-990-677
Chile	000-017	Korea	009-56-16	Germany	009-56-16	Cuba	0050-990-677
Colombia - English	980-130-010	Korea	009-56-16	Greece	009-56-16	Cyprus	0050-990-677
Colombia - Spanish	980-130-110	Korea	009-56-16	Hungary	009-56-16	Egypt	172-187
Costa Rica	63	Korea	009-56-16	Iceland	009-56-16		
Cuba	000-121	Korea	009-56-16	Ireland	009-56-16		
Czech Republic	191	Korea	009-56-16	Italy	009-56-16		
Dominican	000-017	Korea	009-56-16	Japan	009-56-16		
Dominican	000-017	Korea	009-56-16	Korea	009-56-16		
Dominican	000-017	Korea	009-56-16	Korea	009-56-16		
Dominican	000-017	Korea	009-56-16	Korea	009-56-16		
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Dominican	000-017	Korea	009-56-16	Korea	009-56-16		
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ÉGOÏSTE  
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Abba	Arrival	Atlantic	1974	#1	5x Platinum
Abba	Golden Years	Atlantic	1976	#1	5x Platinum
Abba	Super Trouper	Atlantic	1977	#1	5x Platinum
Abba	Love An' Affection	Atlantic	1978	#1	5x Platinum
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Abba	Golden Years	Atlantic	1982	#1	5x Platinum
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Abba	Illusions	Atlantic	1985	#1	5x Platinum
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Abba	Super Trouper	Atlantic	2091	#1	5x Platinum
Abba	Love An' Affection	Atlantic	2092	#1	5x Platinum
Abba	Illusions	Atlantic	2093	#1	5x Platinum
Abba	Aggregat	Atlantic	2094	#1	5x Platinum
Abba	Arrival	Atlantic	2095	#1	5x Platinum
Abba	Golden Years	Atlantic	2096	#1	5x Platinum
Abba	Super Trouper	Atlantic	2097	#1	5x Platinum
Abba	Love An' Affection	Atlantic	2098	#1	5x Platinum
Abba	Illusions	Atlantic	2099	#1	5x Platinum
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EB Nov	96	04	87%	52%
EB Dec	97	04	87%	52%
EB Jan	98	04	87%	52%
EB Feb	99	04	87%	52%
EB Mar	100	04	87%	52%

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**Consolidated trading ended Friday, Aug. 19.**

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## CAPITAL MARKETS

### The International Market Reflects Budget Deficits

By Carl Gewirtz

International Herald Tribune

PARIS — It took almost 20 years to amass the first \$1 trillion of outstanding international bonds and only seven years for the second trillion. The landmark was set during the second quarter, which closed with outstanding issues totaling \$2.06 trillion.

The data, contained in the latest quarterly report on International Banking and Financial Markets Development issued by the Bank for International Settlements, show the U.S. dollar accounting for 37 percent of outstanding international bonds, followed by the yen with 14 percent and the Deutsche mark with 10 percent. The Japanese are the largest borrowers, accounting for 16 percent of the outstanding volume. The British are second with 9 percent and the French and Americans are tied with 8 percent.

In global terms, the international market remains a distant third behind the \$7 trillion domestic U.S. market, and the \$3 trillion domestic Japanese market, but comfortably ahead of the German domestic market where outstanding paper totals some \$1.4 billion.

Setting the pace for the rapid expansion of the international market—and no doubt the key to how fast it grows in the future—is the amount of government financing. Whereas the overall market has expanded 105 percent in seven years, the amount of paper issued by governments and state agencies has soared 162 percent.

The increased share of public debt issued in the international market reflects the huge increase in budget deficits. As countries become increasingly constrained about how much new debt they can issue, this source of market growth could fade.

Official borrowers in Canada are the largest users, with \$117.6 billion of debt outstanding—24 percent of total borrowing by government and state agencies. Sweden is a distant second with \$56.8 billion and Finland and Italy are tied in third.

No doubt, also, recourse to bond financing has been encouraged by a decline in interest rates, which may not remain as favorable in coming years. Another element is the ease of financing. The market for medium-term notes has also exploded with \$331 billion outstanding at the end of June and, as the report noted, a significant proportion of these are Eurobonds issued under the documentation of note programs.

However, Jonathan Wilmut at CS First Boston in London forecasts that while activity in the international capital market "will stay quite large, the really explosive growth of the past decade is probably behind us."

Instead, he looks to the international equities market as the coming decade's main arena of growth. Financial needs, for capital equipment and infrastructure, will be greatest in the so-called new regions of China, India and the former Soviet Union. Mr. Wilmut expects these to be "mostly financed in equity markets."

## A Tough Question: Buck Stops Where?

By Carl Gewirtz

International Herald Tribune

PARIS — These are tough days for the dollar and analysts warn that there is worse to come.

Hopes for an early revival were dashed last week when the dollar failed to respond as expected after the Federal Reserve Board increased its key short-term rates by half a percentage point.

The short-lived recovery to 1.5670 Deutsche marks and 100.90 yen ran into a brick wall composed of continued worries about U.S. inflation, the upward revision of German growth forecasts, fading hopes of further declines in European interest rates and renewed fears that Washington and Tokyo are headed for a collision over bilateral trade talks.

Union Bank of Switzerland, which consistently is on the outlook for a recovery in the dollar, said over the weekend that it needs to recover above 1.5670 DM "to forestall further speculation." But the dollar ended trading at 1.5397 DM and 98.68 yen.

The only conflict among currency analysts now is how much further it could fall.

John Lipsky at Salomon Brothers in New York doubts the dollar will revisit earlier historic lows. "It's not likely to drop below 1.50 DM on a sustained basis anytime soon," he says, while predicting a recovery toward 108 yen "in the coming quarters."

At J.P. Morgan, the emphasis is on the word sustained. London-based analyst Avinash Persaud sees a risk the dollar will fall to 1.48 DM, but concurs that it is unlikely to remain below 1.50 DM.

low the 1.50 level on a sustained basis. He sees the dollar falling to 95 yen before turning back up.

The Morgan view is that the dollar will be at its weakest since the Fed is in the process of raising rates. During that time, international investors have no incentive to buy U.S. bonds because there is virtually no chance prices can rally. And with short-term rates out to three months identical with German levels, there is no incentive to move into dollar deposits.

Only when the U.S. tightening is completed, Mr. Persaud argues, can the dollar really begin to recover.

The shocking part of this assessment is that Morgan now forecasts that the peak in the overnight cost of money, which last week was raised to 4.75 percent, will not be reached until it touches 7 percent, probably by the middle of next year.

That represents a one percentage point increase by Morgan since it previously forecast the rate would top out at 6 percent. The bank's economists predict that by the end of the year, the overnight rate will stand at 5.5 percent.

"Hard-to-deny signs that cyclical price pressures are building suggest that growth will need to fall below its long-run pace to effectively cap inflation," the bank reports, adding that subpar growth is unlikely to be seen before the third quarter of 1995. To achieve such a slowdown, past experience shows that the cost of overnight money needs to be at least 3 percentage points above inflation.

See DOLLAR, Page 11

## Another Health Care Gap Insurance Debate Switches to Big Firms

By Louis Uchitelle

New York Times Service

NEW YORK — Over and over, giant corporations that employ low-wage workers offer the same reason for withholding company-paid health insurance: Millions of qualified applicants are willing to take the jobs without it.

While much of the debate over uninsured workers has focused on small companies, more than 4.5 million of the 22 million working Americans without any health insurance are employed at big corporations like Bank of America, Wal-Mart, PepsiCo, J.C. Penney and General Mills. These corporations are lobbying against any bill that would require them to insure all workers.

"If there were a tighter labor market with fewer people looking for work, we might have to offer health insurance," said Norman Snell, a senior vice president at Bank of America, with headquarters in Los Angeles. "But no one has run into that problem in California, which has so many college students who are potential part-time employees."

Bank of America has 95,000 employees, of which 20,000 are not offered insurance. Most are tellers and clerks who work fewer than 20 hours a week and earn under \$8 an hour, two common characteristics of the uninsured at big companies.

Many work for a few weeks or months and then quit, another common characteristic.

Mr. Snell argues that insuring these workers would add substantially to the bank's costs and that profits would suffer, hurting shareholders. This argument often masks the more important issue of wages.

Studies show that most companies offering health insurance finance as much as 85 percent of the company's contribution by limiting wages.

Many uninsured workers at big companies earn less than \$7 an hour and often only the minimum wage of \$4.25.

As a result, the companies would have difficulty financing insurance for these workers by cutting wages. They would have to raise prices or take the money out of profits, says James G. Waters, a benefits specialist at Towers, Perrin, a management consulting firm.

"I don't see that paying for health insurance will make a

profitable company unprofitable," Mr. Waters said. "But it is so antithetical to the American ethic, to penalize profit."

Most Americans who earn less than \$7 an hour do not have health insurance, Labor Department surveys show.

"We are perpetuating the notion that the employer is giving something to the employee, when in fact there is a tradeoff between wages and health benefits," said Robert D. Reischauer, director of the Congressional Budget Office. "When you get down to the minimum wage or near it, then the tradeoff has to come in the form of higher prices or out of profits."

As a solution, companies like Pizza Hut Inc., the fast-food division of PepsiCo, and Dayton-Hudson Corp., which owns Marshall Field and other department stores, endorse U.S. subsidies to pay for health insurance for low-income workers.

Without subsidies, health insurance largely paid by the companies for all employees would be disastrous for profits, says Robert Dougherty, a spokesman for Pizza Hut Inc.

Pizza Hut now pays \$23 million yearly for health insurance for its 11,000 full-time workers. The remaining 120,000, being part-timers working 20 hours or less for minimum wage or just above it, are ineligible for any company-paid health insurance until they have been on the job six months. Few remain that long.

Pizza Hut became embroiled in the debate over health insurance after supporters of a health bill that would require employers to insure all their workers noted that the fast-food chain insured its workers abroad. While acknowledging that the assertion was correct, Mr. Dougherty argued that the

bill would require employers to insure all their workers, or that the companies have too few workers to negotiate low insurance premiums.

In their lobbying efforts, small companies have argued through their trade associations that their profits are too marginal to afford health insurance for all their employees, or that the companies have too few workers to negotiate low insurance premiums.

Big companies do have the negotiating clout, but apart from warning about lower profits and higher prices, they have taken a different tack. Many argue that their low-wage part-time workers are largely healthy young people uninterested in insurance.

"Minimum-wage workers are not who you think they are; they are largely teenagers living at home and glad to have a job while going to school," said Jeffrey Joseph, a vice president at the U.S. Chamber of Commerce.

## Israel Stocks Plunge on Tax Rule

Compiled by Our Staff From Dispatches

TEL AVIV — Tel Aviv stocks lost a tenth of their value Sunday as shareholders, stung by a new capital gains tax plan and reeling from months of losses, rushed to sell.

The exchange had been shut since Tuesday, when the government announced plans for a 10 percent tax on stock sale profits as part of a wider package aimed at fighting inflation. The tax was to take effect Jan. 1.

But 90 minutes into the session Sunday, the government backtracked on its tax plan, modifying it so that profits could be offset against losses. The plan must be approved by Parliament.

The General Share Index fell nearly 10 percent, closing at 165.18, down from 183.39.

Losses on individual share prices ranged between 10 and 20 percent. For the first time in its 40-year history, the stock exchange lifted a 10-percent limit on fluctuation of share prices within a single day. The limit was expected to be reinstated for trading Monday.

Because investors were asked to stipulate maximum or minimum prices for implementing buy and sell orders Sunday, about 80 percent of the \$650 million in sell orders were not carried out. On the Tel Aviv exchange, orders are not implemented immediately but only after certain time intervals.

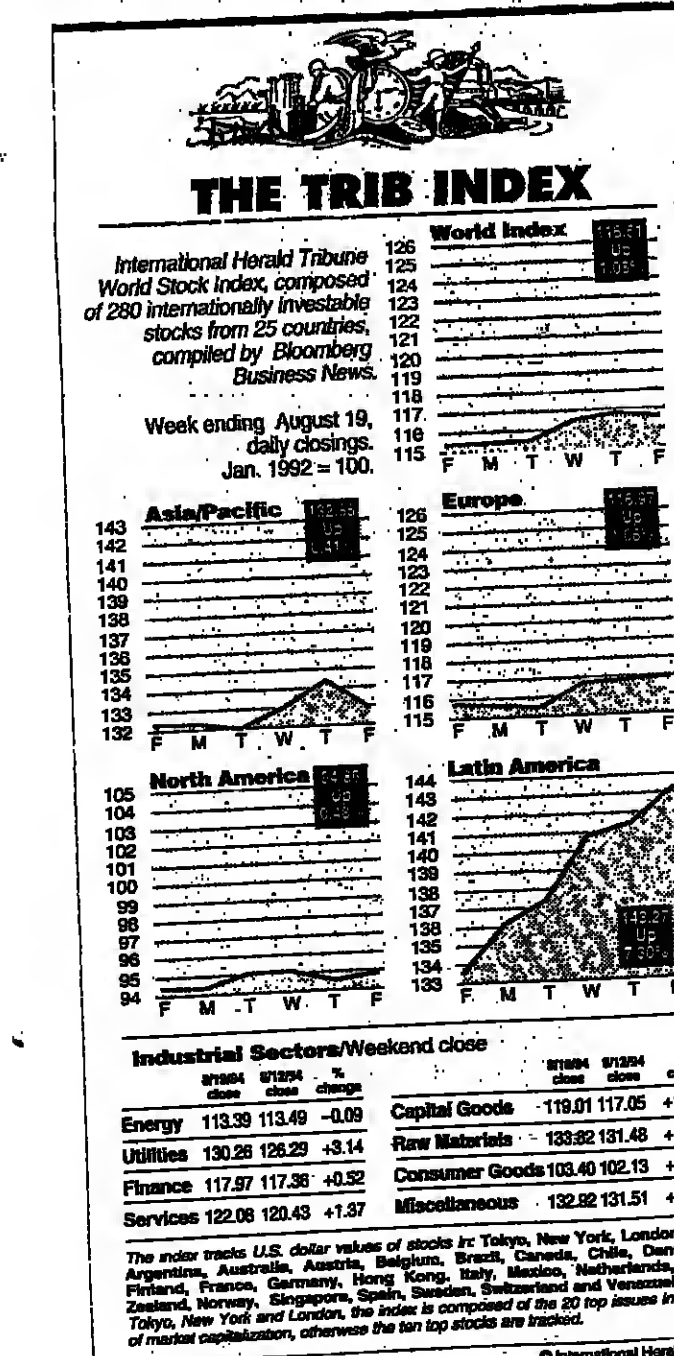
That could point to another wave of selling Monday, but some brokers said the amendment to the tax might stem the slide that wiped out about \$5 million in paper value.

"We expect the market to rally tomorrow because of the amendment to the new tax," said Amir Ayal, of Epsilon brokerage.

The initial proposal took into account only profitable transactions, making it theoretically possible for investors to be taxed on a net loss. The amendment allows investors to choose another system taxing only net gains, but at a higher rate.

(AP, Reuters, Bloomberg)

1.5397



## Shanghai Notebook

### Phoenix Shifts Gear

In the old days, marketing at Shanghai Phoenix Bicycle Co. was simple — there was none.

As with China's few other big bicycle factories, would-be buyers waited for years to buy rickshaws, often only after gaining permission from their work unit leader.

But now, to compete with foreigners entering a freer market, often in league with his domestic rivals, Zhou Jing, chairman and general manager of Shanghai Phoenix, said marketing was one of his greatest worries.

"In a planned economy there was no need for advertising, but now we are doubling the amount we spend each year," Mr. Zhou said. "The total is not large, but we must expand it if we want to lead the market."

Like market leaders worldwide, Shanghai Phoenix has its imitators, including hundreds of operators in 20 Chinese provinces cranking out counterfeit bikes with the famous Phoenix logo on them and, in some cases, exporting them.

With plans to continue selling at least 5 million bicycles a year (20 percent earmarked for export), to build a factory in Ghana and to move into making scooters and motorized bicycles, Shanghai Phoenix scrambled to protect its trademark, said to be the second most famous in China.

In doing so, the company found itself in step with hundreds of foreign companies victimized by intellectual property piracy in China, a point of increasing friction between trade negotiators in Beijing and Washington.

Citing China's signing of international intellectual property protection agreements, Shanghai Phoenix appealed for Beijing's help in cracking down on bike makers throughout the country that are pirating the Shanghai Phoenix logo.

With "high-level" interest in the case, many rogue factories were closed and exports of fake Phoenix bikes organized by foreigners were largely halted, Mr. Zhou said.

Whither Hongkong & Shanghai Bank Lions?

Nostalgia and construction dust hang heavily in the Shanghai air these days.

Interest in city life before the 1949 Communist takeover has only been whetted by local authorities' plans to make stately homes and grand office buildings available again to foreigners — for a hefty fee, of course.

Renovators are preparing to bring many landmarks back to their glory days when Shanghai ruled as Asia's financial capital.

But history buffs say that transition will not be complete without the reappearance of the two brass lions that once guarded the Hongkong & Shanghai Banking Corp. building on the city's famous waterfront Bund.

Last seen in public in the mid-1950s, after the bank had surrendered its headquarters to the Shanghai government, the pair's fate evokes mystery and speculation.

Two similar lions that now sit at the bank's headquarters in Hong Kong II. They had been carted off to be melted down as part of Tokyo's war effort.

Some people fear the Shanghai pair met a worse end during China's tumultuous recent history.

But a Shanghai businessman with an interest in sculpture said last week that the duo was safely catalogued in the Shanghai Museum, but not on public display.

New Shanghai Social Club Targets Foreigners

The international business community has expanded to the point where it needs its own upscale club, or so the Peninsula Hotel group thinks.

Now a hole in the ground in the heart of the district once controlled by the French in pre-Communist days, G's Club, a social, dining and fitness facility, is targeting the pioneers among foreign business in Shanghai.

Controlled ultimately by the Kadoorie family, which once dominated Shanghai business in its heyday, the Peninsula group will manage a club whose corporate memberships cost \$32,000.

Tradeable club memberships, known as "debentures," are big business in Asia, and as one of the first to establish itself in Shanghai, G's Club could be a good bet.

## Novell Expects Weak Results

Bloomberg Business News

PROVO, Utah — Novell Inc. said Sunday its results for the third quarter would be as much as 20 percent below analysts' expectations because of higher costs and less-than-expected revenue from recently acquired WordPerfect Corp. and Quattro Pro.

Novell, the world's largest personal computer network software company, "has initiated expense reductions to improve its profitability," but the cuts will not help third-quarter results, the company said.

Novell is scheduled to report its third quarter results after U.S. stock markets close on Wednesday. The company's earnings will include results from WordPerfect and Quattro Pro.

In June, the company completed its acquisition of WordPerfect for about \$855 million in Novell shares. Novell also completed its purchase of Borland International Inc.'s Quattro Pro spreadsheet program business for \$145 million in cash.

Novell also said it expected to take a charge of about \$120 million.

## China Wants Credit Controls

Agence France-Presse

BEIJING — Strict credit controls in the second half of the year are the only way China can deal with runaway inflation, Vice Premier Zhu Rongji has been quoted as saying.

The deputy prime minister in charge of reforming China's economy said during a meeting of officers of the People's Bank of China last week that controls must be strengthened, finances consolidated and reforms deepened.

"Controlling inflation is the key to economic development and fiscal reform," said Mr. Zhu, who is also president of the central bank.

He was quoted on the front pages of the country's major newspapers Saturday.

The repeated call for stricter fiscal controls came after the release of July economic results that saw capital investment soaring 73 percent and a resulting release of credit.

These investments grew 25 percent in the first half, allowing China's growth to slow down, with gross domestic product up 11.6 percent during the period, compared with 13 percent in 1993.

Retail prices in July rose 21.4 percent, taking inflation to an average 20 percent over the first seven months of the year. The government had wanted to keep inflation below 10 percent this year.

Overheating of the economy in mid-1993 forced Mr. Zhu to declare an austerity program by the end of the year.

While calling on banks and local authorities to respect directives from the central government to tighten credit and stop financing poorly managed companies, Mr. Zhu avoided commenting on the July results.

Mr. Zhu said the country's money supply between January and June had decreased 61 billion yuan (\$7 billion) from the same period in 1993.

Treasury bonds worth \$110 billion were issued and the country's individual savings for the year were estimated at \$14.6 billion yuan.

Foreign exchange reserves have grown 70 percent from the beginning of the year to reach \$14 billion at the end of June, Mr. Zhu said.

China's exports, meanwhile, registered a 35.7 percent jump in July to \$58.7 billion, while imports were measured at \$58.8 billion.

High inflation also risked seriously affecting exports, according to the minister of trade, Wu Yi, who was quoted Saturday by the China Daily.

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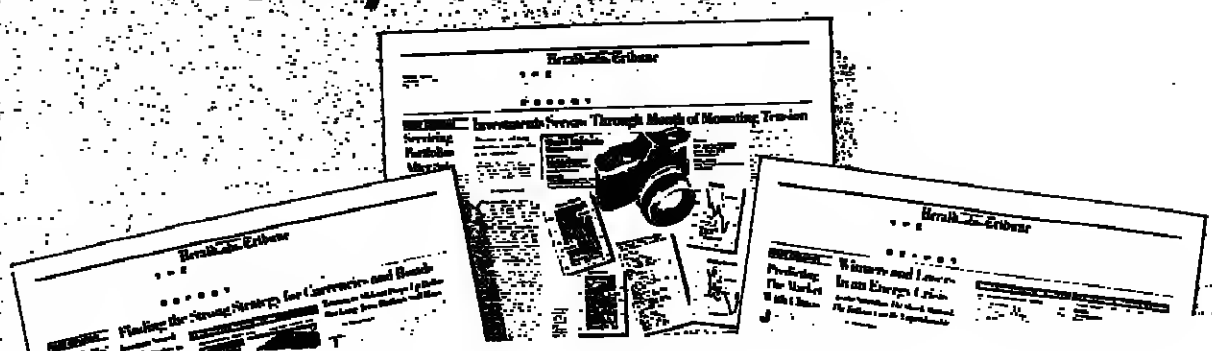
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Kevin Murphy

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THE REPORT every Saturday in the IHT.





Close of trading Friday, Aug. 19

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## New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coups. %	Price	Price end week	Terms
<b>Floating Rate Notes</b>						
Compagnie Financière de CAC et l'Union Européenne	\$150	2001	3 1/4	100	—	Over 3-month Libor, Redeemable at par in 1999, Fees 0.25%, Increased from \$100 million. Denominations \$10,000. (Santus Int'l)
First USA Credit Card Master Trust	\$500	1997	0.14	100	—	Over 1-month Libor, Noncallable, Fees 20%, Also \$39.16 million paying 0.34 over Libor. (Merrill Lynch Int'l)
First USA Credit Card Master Trust	\$750	2003	0.35	100	—	Over 1-month Libor, Average life 6.9 years, Fees 0.40%, Also \$58.4 million, paying 0.38 over Libor. (Merrill Lynch Int'l)
Hoffman Building Society	\$500	1999	libor	99.65	—	Interest will be the 3-month Libor, Noncallable, Fees 0.15%, Denominations \$10,000. (Lehman Brothers Int'l)
MBNA Master Credit Card II 1994-8 Trust	\$870	2002	0.45	100	—	Over 3-month U.S. 5% Libor, Noncallable, Fees not disclosed, Also \$45 million paying 0.35 over 1-month Libor. (Merrill Lynch Int'l)
Luebeck Hypothekbank	DM 200	1999	libor	99.99	—	Interest will be the 3-month Libor, Noncallable, Fees 0.20%, (Deutsche Bank)
HMC Mortgage Notes 12	\$170	2037	0.20	100	—	Over 3-month Libor, Redeemable at par in 1993, Average life 5.1 years, Fees not disclosed, Also \$20 million, paying 1/4 over Libor, and \$20 million, paying 1/2 over Libor. (Lehman Brothers Int'l)
Crédit Commercial de France	FF 1,000	1997	0.40	100	—	Over 3-month Pibor, minimum 8.15%, Noncallable, Fees 0.1875%. (Crédit Commercial de France)
Société Générale Acceptances	FF 1,000	1997	1/2	99.50	—	Over 3-month Pibor, within a defined range, Noncallable, Fees 0.20%, Denominations 500,000 francs. (Société Générale)
<b>Fixed-Coupons</b>						
Seventh Mexican Acceptance Corp.	\$160	1999	10	96%	—	Semiannually, Noncallable, Fees 15%, Denominations \$250,000. Also \$40 million priced at 99.94. (Kiddie Peabody Int'l)
Sweden	DM 200	2000	6%	100%	—	Interest will be 6% in first two years, thereafter the 6-month Libor, with a minimum of 5% and a maximum of 8%. Noncallable, Fees 1.25%. (Commerzbank)
Oesterreichische Kontrollbank	m. 200,000	1997	11.35	101.23	99.65	Redeemable at par, Noncallable, Fees 15%. (Deutsche Bank)
Kellogg	CS 140	1997	8%	101.38	99.40	Redeemable at par, Noncallable, Fees 15%. (Lehman Brothers Int'l)
Denmark	Y 25,000	1997	3	99.99	—	Noncallable, Fees 0.30%. (Danish Europe)
Denmark	Y 25,000	1996	zero	96.19	—	Yield 2.62%, Noncallable, Fees 0.15%. (Danish Europe)
Finland	Y 25,000	2014	5%	100	—	Callable at par in 2004, Fees not disclosed, Denominations 100 million yen. (Yamachi Int'l)

## Coopers Employee Attacked in Turkey

The Associated Press

ANKARA — An employee of the government-appointed administrators of the fugitive tycoon Asil Nadir's Polly Peck empire was shot and wounded, police said.

David Adams, an employee of the Coopers & Lybrand accounting firm, was shot in the leg Friday in a crowded street in downtown Istanbul. No arrests have been made, but Coopers & Lybrand employees have been attacked and threatened before for their involvement in the Polly Peck case.

The accounting firm speculated that Mr. Nadir, who escaped to northern Cyprus last year, could have ordered the assaults. Several other Coopers & Lybrand employees in Turkey have been attacked recently.

## WORLD STOCKS IN REVIEW

Via Agency France-Press

## Amsterdam

The benchmark EOE index finished the week down 1.98 points at 412.45, hit Friday by a late fall in the dollar after figures showed a sharp trade deficit in June.

Volume was high all week, with the market coming up to the end of its monthly trading term, brokers said.

International shares were generally influenced by the dollar's performance, particularly against the rising yen.

## Frankfurt

The DAX index of leading shares posted a moderate gain last week, finishing Friday at 2,149.57 points, up 1.17 percent from the previous week.

Traders said the market welcomed the Federal Reserve Board's increase in U.S. interest rates on Tuesday, but was a bit disappointed that the Bundesbank kept key rates unchanged at the Thursday meeting of its central council.

The German central bank's failure to lower rates fueled sentiment that European rates had bottomed for this economic cycle, especially since Italy and Sweden raised rates the previous week.

Share volume totaled 30.99 billion Deutsche marks for the week, little changed from 31.216 billion the previous week.

## Hong Kong

The market continued its downturn last week, with the Hang Seng index finishing down 60.12 points for the week at 9,404.44.

Average daily volume amounted to 4.538 billion Hong Kong dollars, up from the previous week's 4.084 billion dollars.

Pressure came in the U.S. central bank would raise rates sharply, but those fears calmed after the Fed's 50-basis-point rate increase on Tuesday because investors expected it would be the last such move for some time.

Brokers said they expected buying sentiment would return to the market this week.

## London

Share prices rose last week to levels not seen since March as dealers welcomed figures showing inflation in check.

The Financial Times-Stock Exchange 100-share index closed at 3,191.40 points on Friday for a rise of 49.1 points, or 1.6 percent, on the week.

Shares jumped Wednesday after the government released figures showing underlying inflation had fallen to 2.3 percent in the year to July, the lowest figure in years.

Dealers said the figures would ease pressure on the government to raise interest rates in the near term.

Other figures released in the week showed a 11,800 drop in unemployment, a 0.4 percent rise in retail sales, a lower-than-expected rise in the non-European Union trade deficit and a fall in the budget deficit.

The rise in U.S. interest rates had little impact on British stocks because the move was expected, brokers said.

Among leading stocks, the banking and property group HSBC Holdings fell 29 pence, to 720 pence, as investors focused on the bank's poor half-year performance in capital markets rather than a 24-percent increase in half-year profit.

Other companies reporting results did not fare much better. BICC, the cables giant, dropped 18 pence, to 400, despite a 26 percent increase in first-half pretax profit.

Sedgwick Group PLC, the insurance broker, which reported a 13.6 percent rise in six-month profit, dropped 1 pence, to 172.

Shares staged a slight recovery last week, with the Mibtel index finishing at 10,610 points, up from 10,547 the previous week.

Despite the market's stabilization, dealers said that Prime Minister Silvio Berlusconi had made peace with Umberto Bossi, his coalition partner.

Disputes with Mr. Bossi, head of the separatist Northern League and a junior coalition partner, helped pull stocks down 7.3 percent the previous week.

Mr. Bossi has criticized Mr. Berlusconi consistently since he came to power in April, causing much of the political uncertainty that made the market nervous the previous week.

Among individual stocks, Olivetti SpA rose 8.0 percent on news of strong sales in the portable computer market. Fiat SpA rose 2.47 percent.

## Paris

Shares slipped over the week, with the CAC-40 blue-chip index dropping to 2,001.33 points Friday from 2,006.95 points the week before.

Dealers said the market was underpinned by the rise in U.S. interest rates but were disappointed by the failure of the Bundesbank to cut its rates Thursday.

Bond prices continued to worry the stock market, particularly after the previous week's rise in Italian and Swedish rates.

But analysts said the medium-term outlook remained strong, with business results expected to pick up in the second half of the year and economic indicators moving in the right direction.

Manufacturing output rose 2.6 percent in the second quarter, and industrial production rose 2.4 percent, the INSEE economic institute said.

## Singapore

Shares rose last week despite profit-taking as buying interest centered on selective local blue chips and some Malaysian issues.

The key Straits Times Industrial index gained 29.38 points last week to finish at 2,347.17, while the broader-based All-Singapore SRS index added 1.99 points, to 574.28 points.

A dealer said the midweek interest rate increase in the United States had no market impact because it was expected.

"In line with the Wall Street's positive reaction to the hike, Singapore and Malaysian stocks continued to find good buying support," the dealer said. "Now that the interest rate issue has been settled, the markets here and in Malaysia may no longer be in an uncertain state, at least for the immediate future."

Total volume for the week stood at 1.4 billion shares valued at 3.62 billion Singapore dollars, up from volume of 1.16 billion units worth 2.79 billion dollars the previous week.

## Tokyo

Share prices slipped back after the recent rally, depressed by the rise of the yen against the dollar on international currency markets.

The Nikkei average of 225 leading issues finished the week at 20,512.70 points, down 151.13 points, or 0.7 percent, from a week earlier.

Domestic players joined foreign investors in a selling spree, discouraged by the stronger yen, which was feared to be pushing down revenues of export-oriented companies.

The yen's fresh strength was discounted by a finance ministry official as the result of speculation, and traders said they expected the stock market to move narrowly until mid-September, when think tanks release corporate earnings estimates.

The rise in U.S. interest rates weighed on shares here, sending the Swiss Performance index down 11.1 points, or 0.65 percent, to 1,703.93 points.

The market also was depressed by disappointing half-year results at Swiss Bank Corp., which reported a 36 percent fall in its consolidated net profit. Shares in the country's third-largest banking group fell 18 Swiss francs, to 376.

Shares in Credit Suisse rose 4 francs, to 535, despite a 19.3 percent fall in its six-month profit. The result was better than expected, analysts said.

In the pharmaceuticals sector, Sanofi dropped 16 francs, to 697, after announcing it was withdrawing its Palodol drug.

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## Bonds Still Trembling After Fed Whipsaw

Knight-Ridder

NEW YORK — Treasury bond prices are likely to fall this week, given the market's recent shaky tone and the \$28 billion of new notes due to arrive Tuesday and Wednesday, analysts said.

The market rallied dramatically Tuesday after the Federal Reserve Board raised interest rates by half a percentage.

## U.S. CREDIT MARKETS

point, but those gains were wiped out in Thursday's bid sell-off, leaving prices nearly flat on the week.

U.S. Treasury bond finished the week at 7.49 percent, just up from 7.48 percent logged the previous week.

Not only was the bond market unable to sustain the initial rally after the Fed's tightening, but the coupon yield curve has actually steepened from a week ear-

lier, even though conventional wisdom called for a flattening on an aggressive Fed move.

Ward McCarthy, a managing director at Stone & McCarthy Research Associates, said the price of long-term Treasuries would not be able to improve until retail investors started extending the maturity of their holdings, something even less likely, given the choppy price action this week.

"Over the last couple of months, money managers have been happy to keep high cash balances and play the market close to their vests, maybe a little to the short side," Mr. McCarthy said. "If anything, the events of this week will reinforce their conviction that they're better off staying out of the market."

Meanwhile, he said, dealers still owned remnants of the refunding issues sold at the start of this month and were not likely to have much enthusiasm for

bidding on this week's note auctions. The Treasury will sell \$17.25 billion of two-year notes Tuesday and \$11 billion of five-year notes Wednesday.

"The near-term prospect is that the market will go down more," he said.

But Barbara Kenworthy, a senior portfolio manager at Prudential Mutual Funds, said she was "cautiously optimistic" about the market's performance next week.

Ms. Kenworthy said the sell-off late last week suggests the market would rally Monday, then go lower heading before the auctions.

The dollar's weakness was one of the factors that pushed Treasury prices lower late last week, and investors said it would remain a concern this week.

Another of the triggers for Thursday's sharp sell-off was the spike in the inflation readings in the Philadelphia Fed-

al Reserve's August economic survey. Gary Thayer, a senior economist at A.G. Edwards & Sons in St. Louis, said concerns about inflation would continue to weigh on the bond market.

"What we need is some clear signs that inflation is not a problem before our market or markets overseas can do better," he said. "We're getting good news on oil, but what we need to see is some good news on some of the industrial commodity prices, like steel and other industries that are near full capacity."

U.S. economic data due this week are limited to the July durable goods report, due Wednesday, and revisions to second-quarter gross domestic product, due Friday. The median forecast calls for a 0.3-percent rise in orders for durable goods, after the 1.3-percent increase in June, and a revised gain of 3.8 percent in second-quarter output, little changed from the 3.7-percent rise reported last month.

## Greenspan Cool to Rate Rise

By Keith Bradsher

New York Times Service

WASHINGTON — Alan Greenspan, the chairman of the Federal Reserve Board, appears to have been more reluctant than some of his colleagues to raise interest rates earlier this summer, judging from the notes of a July meeting of Fed officials.

The central bank's policy-setting panel voted at its July meeting to allow Mr. Greenspan to raise interest rates at his discretion during the following weeks rather than wait for the next meeting of the group, according to minutes of the meeting released Friday.

But Mr. Greenspan did not exercise this discretion, and the Fed did not raise rates until the its top policymakers met last Tuesday. Then, Mr. Greenspan joined the other six members of the Federal Reserve Board in a unanimous vote for an increase of half a percentage point in the

discount rate, which the central bank charges banks for overnight loans.

Also that day, the larger policy panel, the Federal Open Market Committee, made up of the Fed members and five presidents of the Fed's regional banks, approved a similar increase in the target for the federal funds rate. That is the rate banks charge each other for overnight loans.

The vote on the federal funds rate has not been disclosed, but presumably Mr. Greenspan would not have supported a discount rate increase while opposing a rise in the federal funds rate.

During late July and early August, Mr. Greenspan was perceived within the Federal Reserve, according to some officials, as more skeptical than his colleagues about whether higher rates were needed to slow the economy's strong growth. Consumer spending

had slowed some and a large build-up in inventories developed during the second quarter, signaling a possible slowdown that might make a rate increase unnecessary.

But some evidence has emerged in the past few days that spending remains strong, notably a Commerce Department report on Tuesday saying that housing starts had jumped 4.7 percent in July.

While Mr. Greenspan can act on his own to raise rates, and did so as recently as April 18, the committee's vote on July 6 to give him that discretion seemed to give him confidence amid reports suggesting he had lost some influence with the group.

Earlier this year, the panel had repeatedly raised interest rates at regularly scheduled meetings, without explicitly giving Mr. Greenspan the discretion to do so on his own in the periods between meetings.

## IBM Plans Push Into China

Bloomberg Business News

TOKYO — Major computer makers in China, Japan and Taiwan will join forces with IBM Japan Ltd. to promote IBM-compatible computers and Chinese-language software in China.

IBM Japan, a subsidiary of International Business Machines Corp., will work with Acer Inc., of Taiwan, and Toshiba Corp. and Fujitsu Ltd., of Japan, according to the Nihon Keizai Shimbun.

## Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes	Aug. 19	Aug. 12	Chg.
DJ Industrials	3,248.39	3,248.39	-0.11%
DJ Industrials	187.23	187.23	-0.07%
DJ Industrials	1,694.39	1,694.39	-0.39%
S & P 500	429.20	429.20	-0.42%
S & P 500	464.37	464.37	-0.53%
S & P 500	503.54	503.54	+0.95%
NYSE Comp	256.00	257.77	+0.68%
FTSE 100	3,191.40	3,142.30	+1.56%
FTSE 100	2,496.99	2,463.80	+1.36%
Nikkei 225	20,512.70	20,464	-0.23%
DAX	2,149.57	2,124.48	+1.18%
Hong Kong	9,404.44	9,464.54	-0.64%
MSCI	630.40	629.50	+1.41%
World Index	From Morgan Stanley Capital Int'l		

Money Rates

United States

Aug. 19

Aug. 12

Chg.

3m

7m

Prime rate

4%

Federal funds rate

4%

Japan

1%

3-month interbank

2%

Germany

4%

3-month interbank

4%

Bank base rate

5%

3-month interbank

5%

London

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## The Week Ahead: World Economic Calendar, Aug. 22 - 26

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

## Asia-Pacific

• Aug. 22 Hong Kong Consumer price index data for July.  
Earnings expected CRIC Pacific, Harbor Ring International Holdings.  
• Aug. 23 Hong Kong Retail sales figures for June.  
Economic Planning Agency releases June diffusion index.  
Earnings expected Playmates Properties Holdings, Seapower International Holdings.  
• Aug. 24 Canberra New vehicle registrations for July.  
Canberra Inventories and manufacturers sales for June quarter.  
Sydney Reserve Bank of Australia to release its annual report.  
Earnings expected John Fairfax Holdings, Pioneer International.  
• Aug. 25 Canberra Corporate investment data for June quarter.  
Canberra Treasury holds first tender of inflation-linked bonds.  
Tokyo Bank of Japan releases bank deposits and loans for the second quarter.  
Earnings expected Hutchison Whampoa, News Corp.  
• Aug. 26 Hong Kong Provisional July merchandise trade figures.  
Tokyo August Tokyo consumer price index.  
Earnings expected Hutchison Whampoa, News Corp.  
Tokyo July crude oil imports.

## Europe

• Aug. 22 Copenhagen July consumer price index.  
Copenhagen April current accounts.  
London Second-quarter revised gross domestic product.  
Rome August consumer price index.  
Earnings expected Breda, Breda, Breda.  
• Aug. 23 Brussels January industrial production.  
Madrid June current account.  
Geneva August consumer price index.  
Rome June producer price index.  
Rome July M-2, three-month average.  
Rome July total bank lending.  
Rome July hourly wages.  
Basel August consumer price index.  
Frankfurt June trade balance.  
Frankfurt June current account.  
Frankfurt July trade balance.  
Frankfurt Second-quarter annualized GDP.  
Frankfurt June capital account.  
Frankfurt June long-term capital account.  
Amsterdam Trade balance.  
Stockholm July producer price index.  
Zurich August consumer price index.  
Frankfurt July import prices.  
Rome July official reserves.  
Rome July balance of payments.  
Zurich August federal consumer price index.  
• Aug. 23 Paris July final consumer price index.  
Paris July housing starts.  
Stockholm June current account.  
• Aug. 24 Stockholm June retail sales.

## Americas

• Aug. 22 Ottawa June wholesale trade report.  
Ottawa Housing market report.  
Ottawa Earnings expected American Stores Co., Hills Department Stores Inc.  
• Aug. 23 Washington City The Federal Reserve releases its report on the economy. The report will be the final of the presidential election.  
Mexico City The central bank announces the country's inflation rate for the first two weeks of August. Outlook: Prices are expected to rise between 0.2 percent and 0.4 percent.  
New York Johnson Redbook research service releases its weekly survey of same-store sales department discount and chain stores in the United States.  
Earnings expected Bank of Montreal, Caisse World Inc., Morgan Stanley Group Inc.  
• Aug. 24 Ottawa July 31 crop production estimates.  
Washington July durable goods orders.  
Washington U.S. Department of Energy issues its weekly report on U.S. petroleum stocks, production, imports and refinery utilization.  
Earnings expected Novell Inc., QVC Inc.  
• Aug. 25 Washington The National Association of Realtors releases existing home sales for July.  
Ottawa The Canadian government will release details of its quarterly auction of two-year bonds.  
Washington The Labor Department reports initial weekly state unemployment compensation insurance claims.

## Quite Simply, World's 'Most Profitable Bank'

By Edward A. Gargan  
New York Times Service

HONG KONG — If money talks, then the currency here says it all.  
Four out of every five bills in Hong Kong bear the image of the headquarters of the Hong Kong & Shanghai Banking Corp., the most powerful financial presence in this British colony and by far the most visible and influential bank in Asia.

Besides minting Hong Kong dollars, the bank has spent much of the last century swagging through China and across Asia. It has supported trading throughout the region for more than a century. It has helped finance the rise of some of the greatest fortunes in Hong Kong. And it has grown spectacularly in the last decade, benefiting from the rapid advance of Asia's economies and using its Asian profits to pay for moves into the Middle East, Europe and North America.

Since 1990 the company's stock, which trades here and in London, has tripled in lockstep with Hong Kong's stock market. Investors value the bank at \$29 billion, far more than the market value of better-known banks like, say, Citicorp, at \$17 billion. It trails only eight big Japanese banks.

The Hong Kong bank's London-based parent, known as HSBC Holdings PLC, is quite simply "the most profitable bank in the world," observes Karen Udovenya, a vice president with Morgan Stanley Asia.

But today the financial juggernaut may be losing momentum. Throughout its Asian stronghold, it faces a growing crop of aggressive rivals from the United States, other Asian

countries and even mainland China.

In Hong Kong, the bank has the uncertainty of what, if any, changes the communist land-lords will make in the colony's vibrant capitalist economy in 1997 when Beijing takes over. That political question looms large for the 129-year-old bank.

The bank certainly does not want to see change in Hong Kong. It is one of the coziest banking environments on earth. Because the bank's parent also owns 61.48 percent of its next

largest competitor in Hong Kong, the Hang Seng Bank Ltd., it jointly controls 365 bank branches in Hong Kong and enjoys 60 percent of the market as measured by deposits, analysts estimate.

Though it has offices in 65 countries, the bank still earns two thirds of its profits in Hong Kong. A costly diversification strategy that was aimed at reducing that dependence has produced little in the way of real profits.

Midland Bank, the linchpin

of the bank's foray into British banking, only recently turned the corner, while Marine Midland, its biggest American acquisition, is less than two-thirds the size it was in 1987, when purchased.

What's more, the bank's staid culture — an old-boy network dominated by English and Scots — is under assault. Evolved from the bank's colonial heritage, it worked well in an era when banking profits depended on long-standing relationships with clients, govern-

ment connections and limited competition. But competition is much more open today, as banks are increasingly becoming fast-paced traders in the global money markets.

The Hong Kong bank is changing its ways and diversifying its corporate culture, opening its ranks to more Asians and women. The question is whether the bank is making the transition quickly enough. The bank's top executives seem to be in no hurry, and certainly in no hurry to leave the bank.

## Big Board's Uncovered Short Sales at a High

New York Times Service

NEW YORK — Uncovered short sales on the New York Stock Exchange reached another high last month, while short sales on the American Stock Exchange rose for the first time in three months, the two exchanges have reported.

The total number of shares sold short on the Big Board and not yet covered rose nearly 1.3 percent to a volume of 1.625 billion, the tenth straight monthly rise. The total on the Amex rose by 0.05 percent to a total of 107.2 million.

Short-selling is the opposite of buying a security in the hope that its price will rise. A short-seller borrows shares, sells them and later buys them back to return to the original owner. If the stock price drops, the trader profits.

Companies with the largest short positions on the New York Stock Exchange included RJR Nabisco Holdings, Ford Motor Co., AT&T Corp. and Chrysler Corp. Ford and AT&T were also among the stocks on the Big Board that showed the greatest monthly rise in short positions.

On the American Stock Exchange, the largest short positions included Elan Corp., Ivax Corp., XCL Ltd. and Turner Broadcasting System's class B shares.

An increase in short-selling has historically been regarded as an indication that stock prices will fall, but in recent years investors have used short positions as one element in multi-faceted trading strategies.

## NASDAQ NATIONAL MARKET

Consolidated trading for week ended Friday, Aug. 19.

(Continued)

Stocks	Div	Yld	100	High	Low	Chg	Chg
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00

Stocks	Div	Yld	100	High	Low	Chg	Chg
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00

**BusinessWeek**

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- Europe: A Recovery That's Almost Scary
- Beijing's Brownout On Big Electricity
- India: Socialist Labor Laws vs. Privatization
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**Herald Tribune**

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Stocks	Div	Yld	100	High	Low	Chg	Chg
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ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
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ABX	2.2	3.1	100	100.00	100.00	0.00	0.00
ABX	2.2	3.1	100	100.00	100.00	0.00	0.00

(Continued on page 13)







# MONDAY SPORTS

## In Japan, Decidedly Non-Olympic Events Put a Frost on '98

By James Sterngold  
New York Times Service

**HAKUBA, Japan** — This village in the northern Japanese Alps has been suffering through an unusually harsh heat wave, but on a recent steamy morning, just beyond a band of dark green rice fields, imaginations were soaring to winter.

At a new ski jump, covered with synthetic turf and slicked with water for summer use, one member after another of Japan's Olympic team tumbled down the slope, launched skyward, and floated high above crowds of awed admirers.

The demonstration was just one sign of the anxious preparations here for the 1998 Winter Olympics, to be based in the nearby city of Nagano. The planning has left officials both proud and worried as they struggle to complete what may be well over \$5 billion in projects, including a multibillion-dollar extension of the bullet train. By contrast, the Winter Games this year in Lillehammer, Norway, cost approximately \$1 billion.

But bringing the Olympics here is proving somewhat less of a transcendent experience than watching jumpers soar. Indeed, to some critics, the curious string of problems dogging

the organizers is making the preparations a showcase for many of the ills that have left Japan's political establishment in such disrepute.

At the least, they show how much times have changed since the previous occasions when Japan was host to the games — the Summer Olympics were held in Tokyo in 1964 and the Winter Olympics in Sapporo in 1972. Back then, the Olympics rode the crest of a wave of national excitement as Japan was re-emerging on the world stage. Now, organizers acknowledge, they are fighting indifference and cynicism.

"The Tokyo and Sapporo games were national events and everyone was proud," said Norimoto Komatsu, the spokesman for the organizing committee. "It's true, that has changed. But we still have three and a half years to go. We're hoping the cool atmosphere will gradually disappear."

It will be difficult. For starters, Ken-ichi Takahashi, who manages the \$80-million ski jump, said the winds here blow the wrong way, making it a poor location. Also, he said, this will be the southernmost Winter Olympics ever held and the site is often grim with rain in winter. The jump may have to be covered with inferior artificial snow.

As usual, though, the worst prob-

lems have to do with money. Just a few weeks ago, the mayor of Hakuba, Yutaka Nishizawa, who was also a member of the Nagano Olympic Committee, admitted he had accepted a

**'This whole incident makes me ashamed to be a Japanese because of what it shows about how things work here.'**

Kaoru Iwata, an aggrieved city official.

\$200,000 bribe from Sumitomo Heavy Industries for a contract to build a sewage-treatment plant. That merely continued a major national bribery scandal involving every big construction company in the land.

Although the sewage plant was not directly related to the games, some critics contended that the bribe proved construction companies have been routinely paying huge sums to corrupt officials for Olympic business.

The flow of money may not have stopped at Japan's shores either. Japan

had edged out Italy's Valle D'Aosta in the competition to hold the games. But earlier this year, Italian authorities said they were investigating whether \$230,000 found in the bank account of a member of Italy's Olympic Committee was a bribe for secretly allowing Japan to win.

When the committee formed to bring the games to Japan was subsequently asked to account for its nearly \$28 million budget, it reported that, regrettably, it had lost the books.

Questions were raised about the plans from the start, when it was discovered that some of the projects would bring big benefits to Yoshiaki Tsutsumi, one of the wealthiest men in the world and the owner of hotels and ski resorts near Nagano. Tsutsumi, who is also known for his substantial political clout, was forced to resign as chairman of the organizing committee, but remains a deputy chairman and, by all accounts, an overwhelmingly powerful presence.

Tsutsumi has denied any conflicts. But Kaoru Iwata, a member of the City Assembly in nearby Karuizawa, claims to have felt the sting of the political forces supporting the games. He has led local efforts to block construction of the new high-speed train

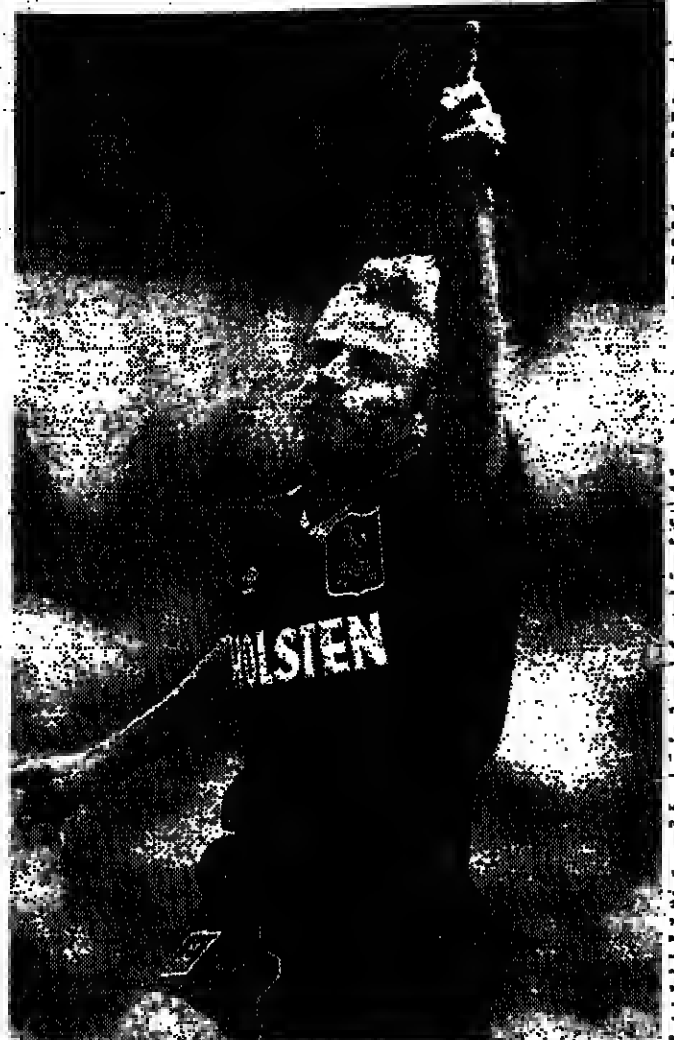
line, which will slice through the middle of Karuizawa, a mountain resort. Two months ago, his home was raided by the local prosecutor's office, which carted off piles of documents.

The prosecutor has refused to explain the purpose of the raid, other than to say it was related to a claim by Iwata defamed him. But according to receipts the prosecutors left with Iwata for the documents seized, many were directly related to his campaign against the train.

"This whole incident makes me ashamed to be a Japanese because of what it shows about how things work here," Iwata said.

Bloated budgets have also been a burden. The city of Nagano, already struggling under \$1.3 billion in debt, has hinted it might try to back away from a promise that it will pay all the transportation and lodging costs of the athletes.

"This city is like a bankrupt company," complained Juichiro Imai, a Nagano city councilman. "We're going to be left with debts we will never be able to repay. What we will be paying in interest alone will be enough to finance the construction of two big schools a year. Is that what the Olympics are for?"



Klinsmann signaling satisfaction after the winning goal.

## Klinsmann Shines In English Debut

**LONDON** — Jürgen Klinsmann lived up to his preseason billing as the most sensational recent recruit to English soccer with the winning goal in Tottenham's dramatic 4-3 victory on the opening day of the Premier League season.

The German striker was one of three foreign players to score in their debuts on Saturday and justify English clubs' raids into the ranks of World Cup stars.

Tottenham, audacious in the transfer market, was equally adventurous on the field as Manager Ossie Ardiles fielded a five-man attacking lineup against Sheffield Wednesday that had his opposite number gasping.

Klinsmann, who scored five World Cup goals, had a hand in setting up two on Saturday, and then secured victory for Tottenham with a diving header in the 82d minute.

He caused some concern three minutes later when he was felled by a clash of heads and needed eight stitches in his lip.

Ardiles was full of praise for both Klinsmann and his other major signing, Ilie Dumitrescu of Romania, whose attacking thrusts caused Sheffield Wednesday a host of problems.

"Jürgen's contribution was excellent, not only the goal but

the chances he made, and that's the sort of football we're going to play this season," said Ardiles, whose team starts with the handicap of a six-point deficit imposed for financial irregularities.

"I think Ilie will capture the imagination of the British public," added Ardiles. "He's still not 100 percent fit, but he showed today that he's a very exciting player."

Wednesday's boss, Trevor Francis, praised Ardiles' bravery in selecting five attacking players. "When I looked at the lineup I thought it was the most adventurous I've ever come across in management," he said.

"I knew that we would have problems playing against players of that caliber," he said.

Dumitrescu's World Cup colleague, the defender Dan Petrescu, scored Sheffield Wednesday's opening goal, and the Dutch winger Bryan Roy scored the goal in Nottingham Forest's 1-0 victory at Ipswich.

Klinsmann, who said before the match that "Tottenham needed to start the season with a bang" if it wanted to be in the running for the title, said: "I'm very happy to have started with a victory, especially playing away from home. It's a great start."

### SIDELINES

#### NASCAR Driver Injured in Crash

**YPSILANTI, Michigan** (Reuters) — The NASCAR driver Ernie Irvan was in critical condition with a skull fracture and multiple injuries at St. Joseph Mercy Hospital after crashing his car in a practice session on Saturday morning at the Michigan International Speedway.

The 35-year-old Irvan slammed his Ford Thunderbird into the concrete barrier in turn two of the two-mile high-banked oval at a speed estimated at 176 miles per hour (283 kilometers per hour) in the first practice session of the day for Sunday's NASCAR Goodwrench 500. He was out from his car and immediately airlifted by helicopter to the hospital.

Irvan has 12 career NASCAR victories, including three this season and nine in the past three years. He won the Daytona 500 in 1991.

#### Montgomerie Wins English Open

**COVENTRY, England** (Reuters) — Colin Montgomerie birdied three of the final four holes, including a 10-foot putt at the last, as he overhauled Barry Lane to win the English Open on Sunday.

Montgomerie fired a final round of 69 for a 14-under-par total of 274 on the Forest of Arden course to take the title by one stroke and move to the top of the European money list. Montgomerie, who led the list last year, was helped when Lane, who compiled a four-under-par 68, took a bogey six at the 17th hole after driving into trees.

Relief Goosen of South Africa shot a closing 67 for third place, another shot back on 276.

#### Maradona Gets Permission to Travel

**BUENOS AIRES, Argentina** (AP) — Diego Maradona, who faces charges that he shot a compressed air rifle at journalists, has received permission from the criminal court handling his case to travel abroad.

The soccer star wants to travel later this month to Zurich, where FIFA is expected to decide his soccer future on Aug. 26. Maradona was suspended indefinitely from soccer after two games of this year's World Cup, when drug tests showed he had used ephedrine, a prescription drug banned as a stimulant.

#### For the Record

Germany's former world sprint champion, Katrin Krabbe, barred for two years for doping, has married Michael Zimmermann, the lawyer who helped her fight the ban, the sports news agency SID reported.

The U.S. women's soccer team became the first to qualify for the FIFA Women's World Championship in Sweden next year when it overwhelmed Jamaica, 10-0, in Montreal. (LAT)

Michael Doohan of Australia became world champion Sunday, winning the 500cc Czech Motorcycle Grand Prix in Brno. (AFP)



Robert Galbreath/Reuters

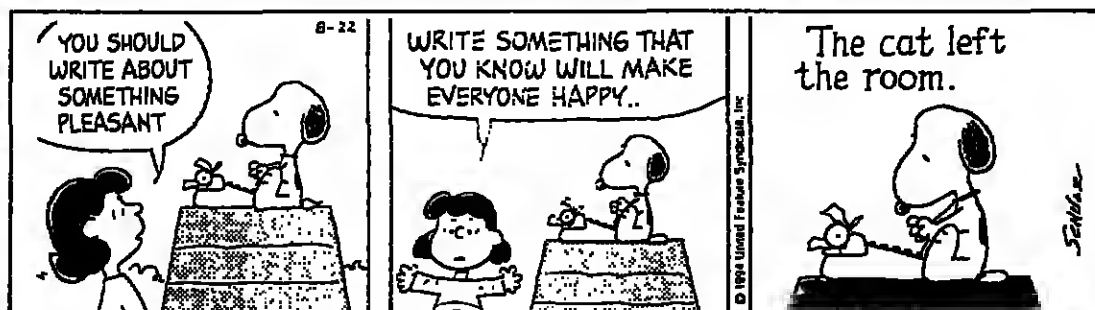
## Pierce Falls In Rematch With Graf

Mary Pierce recoils after missing a point in her semifinal match against Steffi Graf in a women's tournament in Montreal. Graf, the top seed, defeated fourth-seeded Pierce, 6-3, 6-4, and avenged a straight-set loss to Pierce at the French Open in June. In the title match on Sunday, Graf was to face second-seeded Arantxa Sanchez Vicario, who defeated the third seed, Kimiko Date of Japan, 2-6, 6-1, 6-2. Pierce, a sentimental favorite in Montreal because she spent the first few months of her life there, trailed, 4-1, in the opening set. But she closed within 4-3 by breaking Graf in the seventh game, which went to deuce four times.

### DENNIS THE MENACE



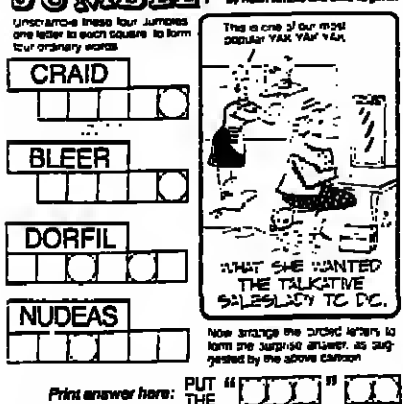
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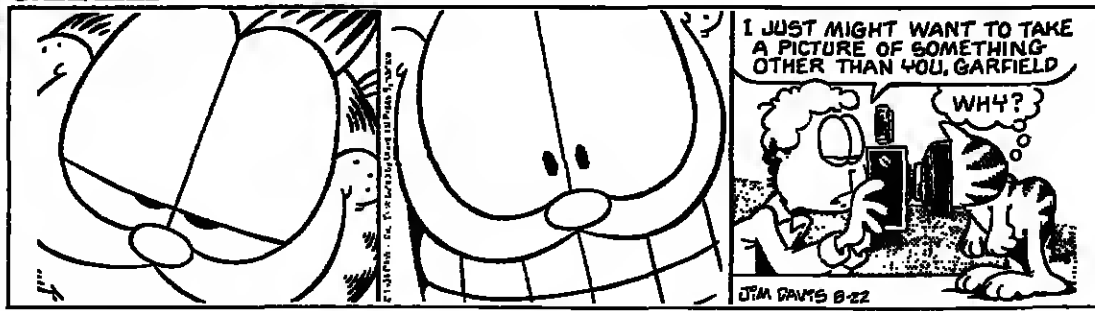
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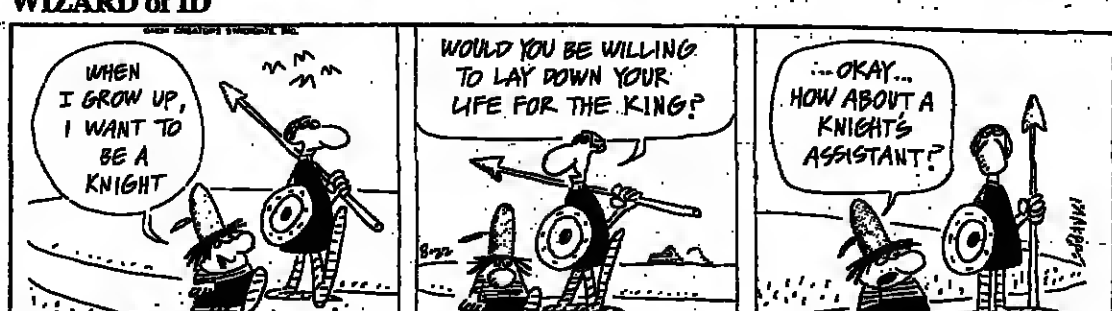
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### GARFIELD



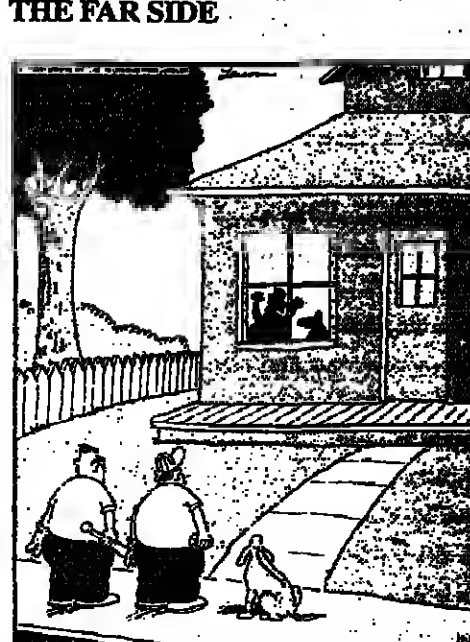
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### BEETLE BAILEY



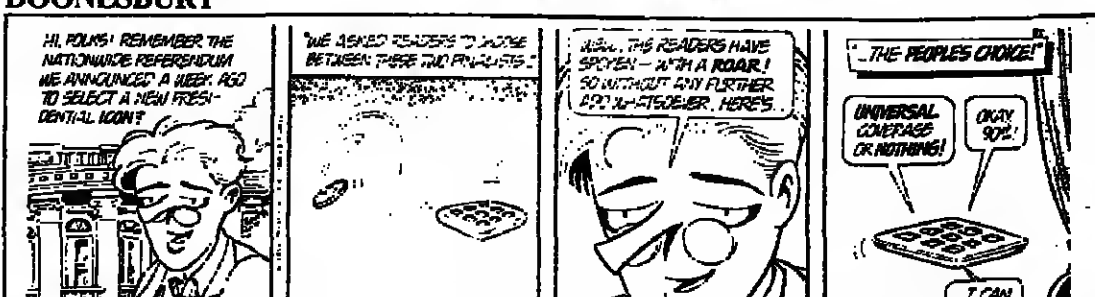
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# MONDAY SPORTS

## A Clean Sweep For Australians In Swimming

The Associated Press  
VICTORIA, British Columbia — It was a first for Sri Lanka and sweeps for Australia and Canada.

Sri Lanka, never a medal winner in the Commonwealth Games, got two on Saturday, a gold and a silver in shooting. Australia swept all five swimming finals, three with games records even though the world record-holder, Rebecca Brown, was beaten, and Canada took both diving golds.

Since the inception of the games in 1930, Sri Lanka — known as Ceylon until independence in 1972 — had won only one gold medal, by 440-yard hurdler Duncan White in 1950 at Auckland, New Zealand.

Sri Lanka broke into the gold medal column in the women's pairs air rifle, as the duo of Pushpamalee Ramanayake and Malle Wickremasinghe edged England's Karen Morton and Louise Minotti. Both teams finished with scores of 771, but Sri Lanka was awarded the gold because its shooters had a 196-194 advantage in the fourth and final round.

"We're glad that it was the women's team that brought home the gold," Wickremasinghe said.

Sri Lanka's silver medal came in the men's pairs small-bore rifle prone competition, as its team of D.H. Chandrasiri and Lakshman Rajasinghe finished second with a score of 1,117, behind the 1,121 of New Zealanders Stephen Petterson and Lindsay Arthur.

The Aussie swimming team, which won four of five golds Friday night, didn't let any get

away Saturday, despite the upset of Brown, who had set the world record of 2 minutes, 24.76 seconds for the women's 200-meter breaststroke in March.

She was soundly beaten by countrywoman Samantha Riley, who shattered Brown's games record of 2:28.83 set in Saturday's prelims with a personal best of 2:25.53.

"I was shocked when I saw the time," Riley said. Brown was a distant second at 2:30.24.

Matthew Dunn, 20, won two golds. First, he rallied from more than a 3/4-second deficit after 300 meters and won the 400 individual medley with a games record of 4:17.01.

Canada's Curtis Myden, the leader after the first three legs, wound up second in 4:17.75, then collapsed after receiving his silver medal. After being given oxygen and taken from the pool on a stretcher, he recuperated quickly.

Dunn also keyed Australia's games record 7:20.80 triumph in the 800 freestyle relay.

Australia's other swimming golds came in the women's 200 freestyle, with Susan O'Neill, a gold medalist in Friday's 800 freestyle relay, leading a 1-2 sweep in 2:00.86, and in the men's 100 butterfly, with Scott Miller winning in 54.39.

Canada swept both diving events, with Jason Napper taking the men's one-meter springboard competition with a spectacular final dive, an inward 2 1/2 somersault, and Anne Montminy leading a 1-2-3 sweep in the women's 10-meter platform event.



Samantha Riley of Australia coming up for air. She upset countrywoman Rebecca Brown to win the breaststroke gold.

## Can Kenya's Lesser-Knowns Fill a Void?

VICTORIA, British Columbia — The names are the same, the talent unmistakable and the expectations high.

But the Konchellah, the Sang and the Tanui in the Kenyan men's team for the Commonwealth Games athletics program starting on Monday are not the familiar figures from the Olympic Games or world championships.

Instead, the Kenyans have been forced to pick a team of unknowns after their top runners decided en masse to miss the national trials last month in favor of the lucrative grand prix circuit.

Not one of the 42 male Kenyans included among the brief biographies in the International Track and Field Annual, the sport's bible, will be competing in Victoria.

And not one of their top 10 steeplechasers in this year's world rankings will be running here.

Yet such is the depth of talent in Kenya that the national track coach, Mike Kosgei, fully expects medals in every track event in Victoria.

"Kenya has a very strict policy," Kosgei explained after watching his team go through their paces on Saturday.

"If somebody does not go to the trials, he will not be selected. What I have, I am satisfied with."

The grand prix timetable has not been kind to Commonwealth athletes, with the Zurich grand prix last Wednesday, the Brussels event on Friday and yet another meeting in Cologne on Sunday.

And the opportunities to earn money rather than titles clearly influenced top runners such as Moses Kiptanui and William Sigei.

"I can't blame them," one Kenyan official said. "They have to earn a living."

The faces may be different but the training routines were familiar as Kosgei put his team through their paces on Sunday. A string of warm-up laps conducted at deceptive speed on the infield were followed by a series of sprints, starting with 400 meters and finishing with 150.

"I'm checking on speed," Kosgei said. "At this point, speed and endurance must be equal."

A Commonwealth title may mean little to European promoters when athletes and their agents negotiate appearance fees.

But it may be a stepping stone for the likes of Patrick Konchellah, Rere Sang and Julius Tanui as they strive to emulate their namesakes Billy, Patrick and Moses.

## Mitchell Wins But Stays Silent About Fistfight

Compiled by Our Staff From Dispatches

COLOGNE, Germany — Dennis Mitchell still won't say why he had a fight with fellow sprinter Olapade Adeniken of Nigeria.

Adeniken needed two stitches after the two sprinters clashed following the grand prix meet in Zurich on Wednesday.

Mitchell declined to say Sunday what led to the most bizarre incident of the track and field season.

"I'd like to say that what has been written in the newspapers about the incident and about myself is completely false," the American said after winning the 100-meter dash at the grand prix meet in Cologne in 10.13 seconds.

"We did have a confrontation," Mitchell said about the fight with Adeniken.

Mitchell said he had been advised by the IAAF, the governing body of track and field, and his associates not to discuss the fight, but added that a statement would be coming from him later.

As reporters pressed Mitchell for details, his manager Charles Wells intervened and said the sprinter would leave the interview room if he faced any more questions on the fight.

About Sunday's race, Mitchell said he was pleased with the time and the victory.

He was expected to win the 100-meter in the absence of the Olympic and world champion, Linford Christie of Britain, who is competing at the Commonwealth Games in Victoria, British Columbia, and the American world silver medalist Andre Cason, who pulled out of the race at the last minute because of a family illness.

But Mitchell was pushed all the way by fellow American Jon Drummond, who finished second in 10.17. Osmond Edwina of Nigeria placed third in 10.28.

The Americans swept the sprints when Gregor Townsend defeated the double European champion, Irina Privalova of Russia, clocking a fast 10.95 seconds.

"I felt pretty good but I knew that it would be tough to run fast after running my personal best two days ago," said Townsend, the Olympic 200-meter champion. "I was hoping for a time of about 10.93 to 10.95, and that's what I did."

In winning at the Brussels track meet two days ago, Townsend ran 10.83.

Privalova was second Sunday in 11.03, while Zhanna Tarnopolskaya of Ukraine was third in 11.14.

On a good day for American athletes, Jackie Joyner-Kersey beat her great rival, Heike Drechsler of Germany, to win the long jump with a leap of 7.10 meters. Drechsler's best leap was 7.00.

Mike Conley won the triple jump with a leap of 17.20 meters and Mark Crear had another American victory in the 110-meter hurdles in 13.13.

Mark Everett completed the good American showing by winning in the 800-meters, beating in the process Noureddine Morcelli of Morocco, the top runner between 1,500 and 5,000 meters.

Everett clocked one minute, 44.36 seconds to win ahead of Joseph Tengeli of Kenya, who posted a time of 1:44.52.

"I was sure from the beginning that that I could win the race. I am the fastest of the 800-meter runners," Everett said.

Morcelli was third in 1:44.89. "It's a bit crazy to run 5,000 and then go over 800 just a few days later," Morcelli said. "There is a big difference between 800 and 5,000. The last time I ran two laps was in 1991 and I wanted to try it once again."

Morcelli said he would again go after the 5,000-meter world record next week in Rieti, Italy.

Sonia O'Sullivan of Ireland ran the second-fastest women's 5,000 meters this season by winning in 15 minutes, 6.18 seconds. (AP, Reuters)

## SCOREBOARD

### BASEBALL

#### Japanese Leagues

Central League	W	L	Pct.	GB
Yamaguchi	22	10	.688	0
Chunichi	22	10	.688	0
Hanshin	21	11	.656	1
Hiroshima	19	13	.594	3
Yokohama	18	14	.563	4
Yokohama	15	17	.469	7

Pacific League	W	L	Pct.	GB
Yokohama	21	11	.656	0
Yokohama	20	12	.625	1
Chunichi	19	13	.594	2
Hiroshima	18	14	.563	3
Yokohama	15	17	.469	6

Pacific League					
	W	L	T	Pct.	GB
Seibu	57	43	6	.570	—
Orix	53	44	2	.546	2½
Kintetsu	54	45	1	.545	2½

Date	55	47	7	539	3
Lotte	41	60	1	406	16½
Nippon Ham	39	60	4	394	17½

**Saturday's Results**

Setba 7, Orix 3  
Kintetsu 8, Orix 2

Kintetsu 9, Lotte 2
Lotte 2, Nippon Ham 2, 12 innings
Sunday's Results
Oriz 3, Seibu 2
Daiichi 3, Kintetsu 1
Nippon Ham 2, Lotte 1

## The Michael Jordan Watch

**SATURDAY'S GAME:** Jordan went 1-for-2 with a solo home run, two walks, two runs and a strikeout in a 12-4 victory over the Chorio-

**SEASON TO DATE:** Jordan is batting .195 (78-for-401) with 40 runs, 14 doubles, one triple, three home runs, 45 RBIs, 45 walks, 184 strikeouts and 27 stolen bases in 44 attempts. He has 178 putouts, five assists and 10 errors on an

**CRICKET**

**THIRD TEST**  
England vs. South Africa, Fourth Day

England 2nd Innings: 205-2  
(England wins by 8 wickets, series drawn 1-1)

Saturday's Results	W	L	Pct.	GB
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results	W	L	Pct.	GB
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

1 Day in Hollywood	13 Talk happy, mood rings,
6 Like a V.P.	14 Live
	15 Talk drunker

<hr/>				
<hr/>				


 lotting Pad

Saturday's Results				
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results				
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

	W	L	Pct.	GB
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results	W	L	Pct.	GB
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

	W	L	Pct.	GB
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results	W	L	Pct.	GB
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

Saturday's Results				
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results				
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

	W	L	Pct.	GB
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results	W	L	Pct.	GB
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

	W	L	Pct.	GB
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results	W	L	Pct.	GB
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

GREY	W	L	Pct.	GB
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results	W	L	Pct.	GB
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

Saturday's Results	W	L	Pct.	GB
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results	W	L	Pct.	GB
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

Saturday's Results				
Yokohama 9, Hiroshima 1	1	0	.500	0
Chunichi 5, Hanshin 1, rain	0	0	.000	0
Sunday's Results				
Hiroshima 8, Yokohama 7	1	0	.500	0
Hanshin 4, Chunichi 1	1	0	.500	0
Yokohama 3, Yokohama 1	1	0	.500	0

### FOOTBALL

#### CFL Standings

	Eastern Division			PP	PA	Pts
Washington	5	2	0	287	225	30
Baltimore	4	3	0	288	294	8
Toronto	3	4	0	222	247	6
Hamilton	2	5	0	144	217	4
Ottawa	2	5	0	267	258	4
Shreveport	0	7	0	132	254	0



## LANGUAGE

## A Framework of Misunderstanding

By Jack Rosenthal

NEW YORK — A few weeks ago, while writing headlines for an article about the transformation of a suburban high school near Chicago, the editors of The New York Times Magazine learned something about applied linguistics.

The specific lesson involves race and politics: underlying it is a larger principle of cultural context, something scholars call framing.

Listeners bring different frameworks of understanding to the same words. In his study "Frame Analysis," the sociologist Erving Goffman related an incident at the nursery school of a 3-year-old whose grandfather owned a baseball team.

"What's one and one?" his teacher asked.

"A ball and a strike," the boy replied.

Comedians know that meaning depends more on the context and relationships of words than on dictionary definition. Many jokes are funny because they operate in one frame while the listener expects another.

In "Animal Crackers," Groucho Marx says: "One morning I shot an elephant in my pajamas. How he got in my pajamas, I'll never know."

Mel Brooks offers what may be the classic example of framing humor in his movie "Young Frankenstein." Marty Feldman is sent to bring Gene Wilder into the spooky castle. "Walk this way," he says, limping heavily. Wilder does, limping heavily.

Frame misunderstandings occur often in everyday life. A cost-conscious executive asked her secretary to find out the difference between first-class and coach for a flight to Los Angeles. The secretary reported: "The seats are wider and the drinks are free."

When he was informed of the Watts riot in 1965, Edmund G. Brown Sr., then California's governor, supposedly said: "Why, this is the worst disaster since my election."

In "Frame Analysis," Erving Goffman wrote: "I start with the fact that from an individual's particular point of view, while one thing may momentarily appear to be what is really going on, in fact what is actually happening is plainly a joke, or a dream, or an accident, or a mistake, or a misunderstanding, or a deception, or a theatrical performance."

The simultaneous existence of such different frames can have social and political consequences, which brings us back to the headline for the magazine on May 29. The aim was to distill H. G. Bissinger's report on Proviso West High School, near Chicago. The article told about how school officials did little over 20 years to adjust to a tide of new students from poorer families, many of them black. We wrote a cover line that read: "When Whites Give Up."

Black members of the magazine staff did a double take, fearing those words would be read to imply racial bias. For whites to "give up" could mean that long-suffering white school officials and parents had run out of patience with

black students. What the article documented, however, was not exasperation but denial.

Other districts have worked to adjust, successfully, to population change. Even in Proviso West, some officials, teachers and students struggled to preserve the district's reputation.

But mainly, Proviso dithered, prompting many families to move. To look at the headline through that lens was to see the danger of a frame misunderstanding, and we changed the words to "When Whites Flee."

The subsidiary headline invited similar misconstruction. Initially, it read: "School officials closed their eyes," meaning they evaded their responsibility to the changing population. But from the frame of black sensibility, the words suggested that the officials viewed the poor, mostly black students as uniformly incompetent. The line became "and the school board fiddled."

We were not being picky or PC. The original language would have undercut the point of the story — and helped justify indifference or bigotry. Giving due credence to a different frame spared us from unintentionally promoting a false one.

Falsity has many faces. One arising frequently in political controversies involves negative disinformation, in which an effusion can be read to mean its opposite. When an official declares something false, chances are it is. When he or she says it is absolutely false, chances are it is true. Cornered politicians now routinely loose adverbial arrows like *totally* mistaken, *wholly* uncalculated for and *completely* unjustified. The overemphasis sticks out like Pinocchio's nose.

John H. Sununu gave the world a gem of a Republican example in 1991. Then the White House chief of staff, he was sharply criticized for breaching various travel rules.

He responded with a profusion of protesting too much: "Clearly no one regrets more than I do the appearance of impropriety. . . . Obviously some mistakes were made. Certainly I regret that my own mistakes contributed to this controversy."

Early last year, George Stephanopoulos offered up two memorable Democratic examples. Was Vice President Al Gore's stature diminishing? "Absolutely ludicrous." How could President Clinton deny that he had said Saddam Hussein could find redemption — when the words were on tape? Because the President "inadvertently forgot."

Almost always, the simpler a denial the more effective. Adverbial ornamentation looks anxious and diminishes credibility. Did O. J. Simpson advance his cause by pleading "100 percent not guilty"? A jury will decide, in a few words that are, for all their brevity, wholly, totally, absolutely clear.

Jack Rosenthal is the editor of The New York Times Magazine. William Safire is on vacation.

## From Escape Artist to Magazine Magnate

By Andrew Ranard

BANGKOK — In Australia, his country of birth, and in Thailand, his home, John Everingham is still a legend, but the rest of the world has forgotten his name.

The feat that made him famous, however, and that became the basis for a B-grade movie, "Comeback," is

**Tastemakers** 